

# Finansinspektionen's Regulatory Code

Publisher: Finansinspektionen, Sweden, [www.fi.se](http://www.fi.se)  
ISSN 1102-7460



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## Finansinspektionen's regulations and general guidelines regarding occupational pension undertakings;

**FFFS 2019:21**

Published on  
17 December 2019

decided on 10 December 2019.

Finansinspektionen prescribes<sup>1</sup> the following pursuant to Chapter 5, sections 2, 4, 5, 7 and 8 of the Occupational Pension Undertakings Ordinance (2019:809) and provides general guidelines.

### Chapter 1 Scope and definitions

#### Scope

**Section 1** These regulations contain provisions concerning occupational pension business that is conducted by occupational pension undertakings. The regulations complement the Occupational Pension Undertakings Act (2019:742).

That which is said concerning occupational pension undertakings in Chapter 3 of these regulations also applies to foreign institutions for occupational retirement provision as referred to in Chapter 1, section 5, point 3 of the Act (1998:293) on Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden.

#### Definitions

**Section 2** Terms and expressions in these regulations have the same meaning as in the Occupational Pension Undertakings Act (2019:742), unless otherwise specified.

**Section 3** The business of an occupational pension undertaking involving insurance policies that are not occupational pension insurance policies in accordance with Chapter 1, section 4 of the Occupational Pension Undertakings Act (2019:742) constitutes an insignificant portion of the institution's business pursuant to point 3 of the transitional provisions to the same act if this is less than five per cent of the institution's total technical provisions and equity in accordance with the Annual Accounts at Insurance Undertakings Act (1995:1560).

### Chapter 2 Business plan

**Section 1** By virtue of Chapter 2, section 13 of the Occupational Pension Undertakings Act (2019:742) an application for authorisation to conduct

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<sup>1</sup> Cf. Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision, in its original wording.

occupational pension business as an occupational pension undertaking shall contain a plan for the proposed business (business plan).

**Section 2** A business plan shall contain

1. details of

- a) the nature of the risks or obligations which the occupational pension undertaking's business shall encompass, broken down by insurance classes,
- b) an estimated number of employees and a description of the structure of the institution's organisation,
- c) the institution's system of governance in accordance with Chapter 9, section 1 of the Occupational Pension Undertakings Act (2019:742),
- d) the primary content of the governance documents and guidelines that the institution shall have for its business,
- e) basic principles of reinsurance cessions, and
- f) estimated costs for setting up the institution's administrative services and other necessary corporate functions, and of the capital allocated for this purpose,

2. forecasts concerning

- a) balance sheet in accordance with Chapter 3, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), with details of which valuation policies the occupational pension undertaking has used in accordance with Chapter 4 of the same act,
- b) technical provisions in accordance with Chapter 5 of the Occupational Pension Undertakings Act with details of which valuation policies the institution has used,
- c) the size of the own funds, their composition and statements of account in accordance with Chapter 7, sections 2 and 4–7 of the Occupational Pension Undertakings Act, and
- d) revenue and expenses relating to direct insurance and reinsurance cessions,

3. estimates of

- a) the risk-based capital requirement in accordance with Chapter 8, sections 1–6 of the Occupational Pension Undertakings Act, and
- b) the minimum capital requirement in accordance with Chapter 8, sections 7–12 of the Occupational Pension Undertakings Act with details of whether the calculation has been performed on the basis of the premium basis or the claims basis.

**Section 3** An occupational pension undertaking's estimates of the capital requirements in accordance with section 2, points 3a and b shall be based on the forecast concerning the balance sheet that is referred to in section 2, point 2a and where the technical provisions shall be based on the forecast referred to in section 2, point 2b.

**Section 4** An occupational pension undertaking's forecasts in accordance with section 2, point 2 shall refer to the number of years that it is expected to take until such time as the institution is reporting a lasting profit.

However, the forecasts shall always refer to at least three financial years.

**Section 5** An occupational pension undertaking that is included in, or can be assumed will be included in, a group referred to in Chapter 16 of the Occupational Pension Undertakings Act (2019:742) or Chapter 19 of the Insurance Business Act

(2010:2043) shall include in its business plan a schematic overview of the structure of the group and details of the individual undertakings that are part of the group and their potential ownership of the occupational pension undertaking. All links in the chain of ownership shall be included.

The institution shall also state in its business plan if it is included in, or can be assumed will be included in, a financial conglomerate in accordance with the Special Supervision of Financial Conglomerates Act (2006:531).

**Section 6** The provisions set out in sections 2–5 apply where relevant when an occupational pension undertaking applies for an amendment to an authorisation issued by Finansinspektionen.

## Chapter 3 Information

### Information in general

**Section 1** Chapter 4 of the Occupational Pension Undertakings Act (2019:742) and Chapter 8 of the Act (1998:293) on Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden contain provisions concerning an obligation to provide information and pension statements.

#### *Information about defined benefit occupational pension insurance*

**Section 2** The provisions in section 7, section 9, first paragraph, sections 10–13 and 17 do not apply in respect of defined benefit pension insurance.

### Information before an occupational pension insurance policy is issued

**Section 3** Before an occupational pension undertaking issues an occupational pension insurance policy, it shall provide the information specified in sections 5–13 to those who are entitled to enrol in a pension scheme and who the institution has knowledge of, but who have not been enrolled automatically.

### Information when an occupational pension insurance policy has been issued

#### *Information in the event of automatic enrolment in a pension scheme*

**Section 4** If an insured person has been automatically enrolled in a pension scheme, an occupational pension undertaking shall provide the information specified in sections 5–13 to the insured person as soon as possible after they have been signed up to an insurance contract issued by the institution.

#### *Information about the institution*

**Section 5** An occupational pension undertaking shall inform insured persons of

1. the name of the institution,
2. the member state in which the institution is registered or authorised, and
3. which competent authority conducts supervision of the institution.

*General information about the pension scheme*

**Section 6** An occupational pension undertaking shall inform insured persons about the pension scheme by which they are covered. This information shall concern those parts of the pension scheme that the occupational pension undertaking manages. As a minimum, the information shall include the following

1. whether the pension scheme contains a defined benefit or defined contribution occupational pension insurance policy or a combination of the two,
2. what options are available under the pension scheme, for example choice of traditional, unit-linked or deposit insurance and what forms of survivors' insurance insured persons are able to choose,
3. at what optional ages the occupational pension insurance policy can start paying out,
4. what pay-out options are available,
5. all default options, and
6. where further information about the pension scheme can be found.

*Information about guarantees*

**Section 7** If an occupational pension undertaking guarantees a minimum pay-out from an occupational pension insurance policy, insured persons shall be informed about this. The institution shall also inform insured persons about the guaranteed return and the proportion of paid-in premiums on which the guaranteed minimum pay-out is based. An institution that does not guarantee a minimum pay-out shall provide information to that effect and shall explain why no such guarantee is being provided.

*Investment risk*

**Section 8** In sections 9–12, the term investment risk means market risks linked to the assets that shall cover the value of occupational pension insurance policies.

*Information when the occupational pension undertaking bears the investment risk*

**Section 9** An occupational pension undertaking that bears the investment risk shall inform insured persons which long-term target the institution has set for its investments. The information shall be generalised and divided between important asset classes.

If the institution's investment strategy takes into account environmental factors, climate factors, social factors or corporate governance factors, the institution shall also provide information to that effect and about the way in which it takes these factors into account.

**Section 10** An occupational pension undertaking that bears the investment risk shall inform insured persons of the institution's policies for allocating surpluses and deficits. The institution shall also inform insured persons of whether the surplus may be used to cover losses.

The institution shall inform insured persons of which form of bonus or surplus may be credited to the occupational pension insurance policy. If the bonus is conditional, the factors or conditions on which the bonus depends shall be specified.

The institution shall also inform insured persons of its policies for collective consolidation and for allocation and withdrawal of bonuses (reallocation). The information shall state where details of the current consolidation level can be found.

*Information when the insured persons bear the investment risk*

**Section 11** When the insured persons bear the investment risk, the occupational pension undertaking shall inform insured persons of the range of investment options. The institution shall specifically provide information about which funds or financial instruments the premiums are being invested in, unless insured persons are making an active choice.

The institution shall also provide information about the historical return and the fees that are being charged for investments in which the premiums are being invested. The historical return shall cover not less than five years, or all years that the pension scheme has been managed if this period is less than five years.

**Section 12** When the insured persons bear the investment risk, the occupational pension undertaking shall inform insured persons of the fees the institution charges for

1. any difference between the purchase and sale price of fund units or other investment options, and
2. deductions from the value of fund units or other investment options.

*Information about tax rules and charging of fees*

**Section 13** An occupational pension undertaking shall inform insured persons of the main features of the tax rules that affect the value of the occupational pension insurance policy. The institution shall also inform insured persons of the current fees for covering the institution's operating expenses and of the institution's asset management expenses.

**Information about amendments**

**Section 14** An occupational pension undertaking shall inform insured persons of substantial changes in the conditions that apply to the occupational pension insurance policy as soon as possible. The same applies if the prerequisites for the occupational pension insurance policy are changed substantially. The institutions shall specifically inform insured persons of the substantial changes that have taken place.

The institution shall also provide information about how substantial changes to the technical provisions may affect how the value of the occupational pension insurance policy develops.

**Pension benefit statement**

*General information in the pension benefit statement*

**Section 15** The pension benefit statement shall contain the words pension benefit statement in the heading. It shall also contain information about

1. the name and contact details of the occupational pension undertaking,
2. the date to which the information in the pension benefit statement refers,
3. the insured person's personal information,
4. the name of the pension scheme to which the insured person belongs, and
5. the retirement age that applies to the insured person and that either has been established in the pension scheme or been specified by the occupational pension undertaking or the insured person.

*Information about benefits*

**Section 16** The pension benefit statement shall contain information about all individual benefits and any supplementary amounts currently being offered. If the supplementary amount consists of a bonus that is preliminarily allocated among those who are insured persons (allocated bonus), the pension benefit statement shall state that the bonus can be withdrawn.

If the pension scheme includes survivors' insurance, the pension benefit statement shall contain information about the benefits including details of any bonus that would have been paid out in the event of death on the date to which the information in the pension benefit statement refers. It shall clearly state whether the survivors' benefits are paid out as a lump sum or periodically.

*Information about the pension capital*

**Section 17** The pension benefit statement shall contain details of the size of the pension capital at the beginning and end of the period to which the pension benefit statement refers. The statement shall state the reasons for changes in the pension capital.

As a minimum, this information shall include details of

1. premiums that have been paid in to the insurance policy,
2. the return on capital that has been earned by the insurance policy,
3. the inheritance gain that has been earned by the insurance policy,
4. the pension amount that has been paid out,
5. the fees that have been charged in order to cover operating costs, with an itemisation of the fees for asset management,
6. the fees that have been charged in order to cover taxes, and
7. the risk premium that has been charged over the period to which the pension benefit statement refers.

*Forecasts*

**Section 18** The pension benefit statement shall contain information about the forecast for the insured person's retirement pension and a warning that the forecast may differ from the final value of the benefits received.

**Section 19** An occupational pension undertaking shall take into account general and product-specific factors when establishing the assumptions that form the basis of the forecast described in section 18. The forecast shall be based on the retirement ages specified in section 15, point 5.

The general factors shall consist of inflation, economic growth in the form of income growth, future premiums, return on capital during the saving period and tax on returns.

The product-specific factors shall consist of fees, survivors' insurance, inheritance gains, lifespan assumptions and forecast interest rates. Actual values shall be used for the individual product if these are available and there are no reasonable grounds not to do so.

#### *General guidelines*

When the institution is calculating forecasts, it should use the assumptions set out in *Standard för pensionsprognoser* [Standards for pension forecasts].

#### *Supplementary information in the pension benefit statement*

**Section 20** The pension benefit statement shall state where and how the insured person can find supplementary information about

1. the options available to the insured person under the pension scheme,
2. annual accounts, annual reports and investment guidelines,
3. future benefits if the insured person intends to terminate their employment and this has an impact on the level of benefits,
4. the investment options available in the event that the insured person bears the investment risk, and
5. collective consolidation.

#### **Information prior to retirement**

**Section 21** An occupational pension undertaking shall provide information about the planned pay-out of individual benefits in due time prior to the retirement ages set out in section 15, point 5. This information shall include details of the pay-out options that are available and of the conditions that apply to surrender.

#### **Information during the pay-out phase**

##### *Pension benefit statement during pay-out*

**Section 22** The pension benefit statement that an occupational pension undertaking issued to insured persons during the pay-out phase shall contain the information specified in section 15, points 1–4, sections 16 and 17, and section 20, points 1, 2 and 4.

##### *Information about pay-out*

**Section 23** If an occupational pension undertaking bears the investment risk, the institution shall inform insured persons and other beneficiaries during the pay-out phase of each change to the amounts that are to be paid out.

If the insured persons bear the investment risk, the institutions shall ensure during the pay-out phase that insured persons and other beneficiaries are regularly given the information they require.

The institution shall provide information about the size of the benefits at least once per year. If there are various pay-out options, the institution shall also inform insured persons and other beneficiaries of these options.

### **Information about current consolidation level**

**Section 24** An occupational pension undertaking that has set aside a consolidation reserve or equivalent shall provide information about the current collective consolidation level. This information shall be accompanied by an explanation of the terms *collective consolidation* and *collective consolidation level*.

The information shall be updated on the final day of each month.

### **Information that shall be provided upon request**

**Section 25** An occupational pension undertaking shall, at the request of insured persons or other beneficiaries, provide the institution's annual accounts and annual report, and the investment guidelines that the institution has to prepare in accordance with Chapter 9, section 4, first paragraph, point 8 of the Occupational Pension Undertakings Act (2019:742).

**Section 26** An occupational pension undertaking shall, at the request of insured persons, provide information about the assumptions that form the basis of the forecasts referred to in section 18.

### **How the information shall be formatted and how it shall be provided**

**Section 27** The information that shall be provided by an occupational pension undertaking pursuant to this chapter shall be in Swedish and formatted in a simple and comprehensible manner. The information shall be updated regularly and may not be misleading.

The institution shall provide this information free of charge and it shall be available in electronic form on durable media on the institution's website or on paper. At the request of those who are entitled to pension benefit statements pursuant to Chapter 4, section 3 of the Occupational Pension Undertakings Act (2019:742), this information shall be provided on paper.

## **Chapter 4 Technical provisions**

**Section 1** Provisions concerning technical provisions are set out in Chapter 5 of the Occupational Pension Undertakings Act (2019:742).

**Section 2** The following definitions apply in this chapter

1. *discount interest rate curve*: an interest rate curve that is used to calculate the present value of future cash flows for technical provisions,
2. *interest rate curve*: interest rates for various maturities, and
3. *interest rate swap*: a contract to exchange a fixed or variable interest rate.

### **Calculation of technical provisions**



**Section 3** An occupational pension undertaking shall calculate the technical provisions using appropriate actuarial and statistical methods.

**Section 4** When an occupational pension undertaking is calculating the technical provisions, it shall take into account uncertainties in

1. cash flows,
2. financial guarantees, and
3. agreed options.

**Section 5** The future cash flows referred to in Chapter 5, section 2, first paragraph of the Occupational Pension Undertakings Act (2019:742) shall be discounted using assumptions concerning interest rates calculated in accordance with sections 11–15.

**Section 6** An occupational pension undertaking that has been granted an exemption from the obligation pursuant to Chapter 5, section 5 of the Occupational Pension Undertakings Act (2019:742) to calculate technical provisions at least once per year, shall submit a report to Finansinspektionen containing an estimate of the technical provisions in the years in which the calculation is not performed.

The report referred to in the first paragraph shall provide a clear view of the development of the technical provisions and of the changes in the risks that are being covered.

### **Cash flows**

**Section 7** The future cash flows referred to in Chapter 5, section 2, first paragraph of the Occupational Pension Undertakings Act (2019:742) shall as a minimum cover the following incoming and outgoing cash flows:

1. agreed future pay-outs to insured persons and other beneficiaries,
2. all expenses linked to insurance contracts, and
3. agreed future premium payments linked to insurance contracts.

### **Prudent assumptions when calculating technical provisions**

**Section 8** The assumptions that an occupational pension undertaking shall use pursuant to Chapter 5, section 3 of the Occupational Pension Undertakings Act (2019:742) in order to calculate technical provisions shall be based on

1. up-to-date and credible information from the financial markets,
2. up-to-date and credible information about future expenses attributable to fulfilling the insurance contract, and
3. its own and publicly available data concerning insurance risks.

The institution shall take into account the characteristics of the insured persons and insurance contracts when determining the assumptions concerning insurance risk. The institution shall take into account expected changes in the relevant risks.

**Section 9** An occupational pension undertaking may use approximates when calculating technical provisions, if the institution

1. does not have sufficient data of a satisfactory quality to allow it to use a reliable actuarial method in the calculation, and
2. is able to demonstrate the use of approximations is appropriate.

### Comparison with past experience

**Section 10** An occupational pension undertaking shall regularly compare past experience with the assumptions on which the technical provisions are based.

If such a comparison shows a systematic discrepancy between past experience and the institution's calculations, the institutions shall adapt its actuarial methods and assumptions.

### Choice of interest rates when calculating technical provisions

**Section 11** An occupational pension undertaking shall determine a discount interest rate curve in accordance with the method that applies by virtue of sections 12–15. When the institution is applying this method, it shall use the following as a basis:

1. applicable market quotations for interest rate swaps referred to in section 16, adjusted in accordance with section 17,
2. the long-term forward interest rate calculated using the method in sections 18–22,
3. the longest maturity for each currency referred to in section 23, and
4. the time of convergence for each currency referred to in section 23.

The institution shall determine a discount interest rate curve for each currency in which it has occupational pension obligations.

### Method for determining a discount interest rate curve

**Section 12** The discount interest rate  $z(t)$  at the duration  $t$  years shall be determined in accordance with the formula

$$z(t) = \left( (1 + f(t-1, t)) \cdot (1 + z(t-1))^{t-1} \right)^{1/t} - 1$$

where  $f(t-1, t)$  is the forward interest rate on the discount interest rate curve. This shall be determined in accordance with the formula

$$f(t-1, t) = (1 - w(t)) \cdot \tilde{f}(t-1, t) + w(t) \cdot UFR_t^B,$$

where

$\tilde{f}$  is the corresponding forward interest rate consistent with applicable market quotations on interest rate swaps as per section 16, adjusted in accordance with section 17,

the weights  $w(t)$  are determined in accordance with section 13 and

$UFR_t^B$  is the limited long-term forward interest rate in accordance with 18–22 §§.

For maturities that do not correspond to a full year, an occupational pension undertaking shall interpolate the interest rate using an appropriate method.

**Section 13** The weights  $w(t)$  are determined by the maturity  $t$ , the longest maturity ( $T1$ ) and the time of convergence ( $T2$ ) in accordance with the following:

$$w(t) = \begin{cases} 0 & \text{for } t \leq T1 \\ (t - T1)/(T2 - T1 + 1) & \text{for } T1 < t \leq T2 \\ 1 & \text{for } t > T2 \end{cases}$$

The values of  $T1$  and  $T2$  for various currencies are specified in section 23.

#### *Calculations of zero-coupon rates*

**Section 14** An occupational pension undertaking shall calculate zero-coupon rates by solving the following equations for  $\tilde{z}(t)$

$$par(t) \cdot \sum_{i=1}^t \frac{1}{(1 + \tilde{z}(i))^i} = 1 - \frac{1}{(1 + \tilde{z}(t))^t}$$

where

$par(t)$  is the applicable market quotation for an interest rate swap as per section 16 with the maturity  $t$  year, adjusted in accordance with section 17, and

$\tilde{z}(t)$  is the zero-coupon rate consistent with the applicable market quotations at the maturity  $t$  years.

**Section 15** The forward interest rate  $\tilde{f}(t - 1, t)$  is determined by the following formula and is then consistent with applicable market quotations:

$$\tilde{f}(t - 1, t) = (1 + \tilde{z}(t))^t / (1 + \tilde{z}(t - 1))^{t-1} - 1,$$

If there are no market quotations for a given maturity, the equations shall be solved through the institution assuming constant forward interest rates between the maturities for which there are market quotations.

The formulae shall be applied for each future duration  $t$ .

#### **Market quotations and adjustment**

**Section 16** When determining the discount interest rate curve, an occupational pension undertaking shall use market quotations for interest rate swaps that are traded on active markets as a basis.

##### *General guidelines*

When calculating the discount interest rate curve for Swedish kronor, the institution should use interest rate swaps with maturities that are not less than those published by Finansinspektionen on its website.

**Section 17** The adjustment referred to in section 11, first paragraph, point 1 shall be determined by the occupational pension undertaking as a fixed deduction of 15 basis points (bp) from applicable market quotations for interest rate swaps. The deduction shall be the same for all maturities up to and including the time of convergence and for relevant currencies.

## Method for determining the long-term forward interest rate

### *Calculation of the long-term forward interest rate*

**Section 18** An occupational pension undertaking shall determine the long-term forward interest rate for each year for the currency Swedish kronor. If the institution is exposed to the currencies Norwegian kroner, Danish kroner, euro, pound sterling or US dollar, the long-term forward interest rate shall also be determined annually for these currencies. The long-term forward interest rate for Swedish kronor shall be used for other currencies.

The change in the long-term forward interest rate for each currency shall be limited to an increase or decrease of 15 basis points (bp), or remain unchanged in accordance with the following

$$UFR_t^B = \begin{cases} UFR_{t-1}^B + 15 \text{ bp} & \text{if } UFR_t \geq UFR_{t-1}^B + 15 \text{ bp} \\ UFR_{t-1}^B - 15 \text{ bp} & \text{if } UFR_t \leq UFR_{t-1}^B - 15 \text{ bp} \\ UFR_{t-1}^B & \text{otherwise,} \end{cases}$$

where

$UFR_t^B$  is the limited long-term forward interest rate for year  $t$ ,

$UFR_{t-1}^B$  is the limited long-term forward interest rate for year  $t-1$  and

$UFR_t$  is the long-term forward interest rate for year  $t$  before limitation of the annual change and is determined as the sum

$$UFR_t = E(R_t) + E(I_t),$$

where

$E(R_t)$  is the expected real interest rate and

$E(I_t)$  is the expected rate of inflation.

The expected real interest rate  $E(R_t)$  is the same for all currencies and is determined in accordance with sections 19–21, while the expected rate of inflation  $E(I_t)$  is determined separately for each current currency in accordance with section 22.

### *General guidelines*

When applying section 18, the institution should use the limited long-term forward interest rate for Swedish kronor published by Finansinspektionen on its website.

### *Calculation of the expected real interest rate*

**Section 19** The expected real interest rate is a simple arithmetical average of annual real interest rates from the year 1961 up to and including the year before the recalculation of the long-term forward interest rate in accordance with the following formula:

$$E(R_t) = \frac{1}{n_t} \sum_{i=1}^{n_t} r_{1960+i}$$

where

$n_t$  is the number of years from the end of 1960, and

$r_{1960+i}$  is the annual real interest rate for the year 1960+i.

**Section 20** The annual real interest rate for each year since 1961 is the arithmetical average of the annual real interest rates for the United States of America, Belgium, France, Italy, the Netherlands, the United Kingdom and Germany. The annual *real interest rate* for each country and each year is calculated as

$$\text{real interest rate} = (\text{short-term nominal interest rate} - \text{inflation}) / (1 + \text{inflation}),$$

where

*short-term nominal interest rate* is obtained from the European Commission's macro-economic database (AMECO database), and

*inflation* is obtained from the Organisation for Economic Co-operation and Development's (OECD) Main Economic Indicators database.

**Section 21** The expected real interest rate shall be rounded to an even five hundredths of a per cent. If the non-rounded real interest rate is lower than the rounded real interest rate for the previous year, it shall be rounded up. If the non-rounded real interest rate is higher than the rounded real interest rate for the previous year, it shall be rounded down.

#### *Calculation of the expected rate of inflation*

**Section 22** If the pertinent central bank has specified an inflation target, the expected rate of inflation  $E(I_t)$  for the respective currency shall be based on the inflation target as follows

<i>Inflation target</i>	<i>Expected inflation <math>E(I_t)</math></i>
Lower than or equal to 1 %	1 %
Higher than 1 % and lower than 3 %	2 %
Equal to or higher than 3 % and lower than 4 %	3 %
Equal to or higher than 4 %	4 %

If a central bank specifies the inflation target as an interval, the mid-point of this interval shall be used.

If a central bank has not specified an inflation target, the expected inflation  $E(I_t)$  shall be determined at 2 per cent.

#### **Longest maturity and time for convergence**

**Section 23** An occupational pension undertaking shall apply the following values for the longest maturity and time for convergence.

Currency	Longest maturity (T1)	Time of convergence to the long-term forward interest rate (T2)
NOK	10 years	Longest maturity + 10 years
DKK	20 years	Longest maturity + 10 years
EUR	20 years	Longest maturity + 40 years
GBP	50 years	Longest maturity + 40 years
USD	30 years	Longest maturity + 40 years
SEK and other currencies	10 years	Longest maturity + 10 years

### Derogations

**Section 24** If there are special grounds, Finansinspektionen can decide on derogations from sections 11–23.

### Temporary method for determining the long-term forward interest rate

**Section 25** An occupational pension undertaking may use a temporary method to calculate the long-term forward interest rate in accordance with that which is set out in section 26.

**Section 26** An occupational pension undertaking may calculate the long-term forward interest rate as a weighted average between the value that has been calculated in accordance with sections 18–22 and the value 4.2 per cent. The weights that shall be applied to the value that is calculated in accordance with sections 18–22 and the value 4.2 per cent, respectively, when calculating technical provisions for various calendar years are shown in the following table.

Year	Weight for value calculated in accordance with sections 18–22	Weight for the value 4.2 %
2020 and 2021	0	1
2022	0.2	0.8
2023	0.4	0.6
2024	0.6	0.4
2025	0.8	0.2
2026 and later	1	0

### Chapter 5 Investments

**Section 1** Chapter 6 of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning investments.

## Derivatives

**Section 2** When using derivatives, an occupational pension undertaking shall avoid excessive risk exposure to a single counterparty and to other derivative operations.

## Measurement of assets covering technical provisions at fair value

**Section 3** An occupational pension undertaking shall measure at fair value the assets referred to in Chapter 6, section 14 of the Occupational Pension Undertakings Act (2019:742) in accordance with the provisions concerning fair value in the Annual Accounts at Insurance Undertakings Act (1995:1560) and in Finansinspektionen's regulations and general guidelines (FFFS 2019:23) regarding annual accounts at insurance undertakings and occupational pension undertakings.

## Register of assets covering technical provisions

### *Basic requirements on keeping a register of assets covering technical provisions*

**Section 4** An occupational pension undertaking shall keep a register of assets covering technical provisions as referred to in Chapter 6, section 16 of the Occupational Pension Undertakings Act (2019:742).

**Section 5** An occupational pension undertaking shall keep and store its register of assets covering technical provisions in such a way that it is possible to use at any time in order to determine the special right of priority that applies by virtue of Chapter 6, section 17 of the Occupational Pension Undertakings Act (2019:742).

### *General guidelines*

The institution should keep its register of assets covering technical provisions in a legible and durable form. The register should be stored in a way that complies with high standards of accessibility and protection from damage.

**Section 6** An occupational pension undertaking shall keep and store its register of assets covering technical provisions in such a way that it is possible to show its content from any time in the past twelve months.

### *Content of the register of assets covering technical provisions*

**Section 7** An occupational pension undertaking's register of assets covering technical provisions shall show which assets correspond to the following types of technical provisions:

1. guaranteed insurance obligations and guaranteed bonuses, and
2. conditional bonuses and insurance obligations where the policyholders, the insured persons or other beneficiaries bear the investment risk.

**Section 8** An occupational pension undertaking's register of assets covering technical provisions shall contain details of

1. the size of the technical provisions,
2. where the assets used to cover the technical provisions are kept, and
3. the value of each individual asset.

The register shall also contain information about derivatives that affect the value of the assets being used to cover the technical provisions.

This information shall be so detailed that is possible for an external party to identify and trace the assets and derivatives.

#### *Instructions for keeping a register of assets covering technical provisions*

**Section 9** An occupational pension undertaking shall have instructions indicating how the institution shall keep a register of assets covering technical provisions.

These instructions shall contain details of how the institution allocates responsibility and powers in respect of keeping, checking and supervising a register of assets covering technical provisions.

#### *Notification of deficiencies in a register of assets covering technical provisions*

**Section 10** An occupational pension undertaking shall immediately notify Finansinspektionen if

- the institution is no longer able to keep a register of assets covering technical provisions in accordance with the statutes that regulate this, or
- the register does not list assets that equate to at least the technical provisions.

## **Chapter 6 Own funds**

### **Introductory provisions**

**Section 1** This chapter contains provisions concerning which items, aside from those specified in Chapter 7, section 2 of the Occupational Pension Undertakings Act (2019:742), may be included in an occupational pension undertaking's own funds, the scope of these items and the conditions for including them.

**Section 2** Aside from the items specified in Chapter 7, section 2 of the Occupational Pension Undertakings Act (2019:742), an occupational pension undertaking is able to apply to Finansinspektionen to include the following items in its own funds:

1. subordinated loans,
2. securities with no specified maturity date and other instruments,
3. openly reported revaluation surpluses (net) on assets,
4. half of unpaid share capital or initial fund, and
5. Zillmerising adjustment.

**Section 3** An occupational pension undertaking shall ensure that its own funds correspond to assets that are free of any foreseeable liabilities.

**Section 4** In this chapter a subordinated loan is a loan with terms to the effect that, in the event of liquidation or bankruptcy, the capital and interest on a loan receivable will only be paid once other creditors have been provided for.



## Applications

**Section 5** In an application for permission to include an item referred to in section 2, point 1 or 2 in its own funds, an occupational pension undertaking shall state

1. the purpose of including the item in its own funds,
2. the institution's own funds and minimum capital requirement, both including and excluding the item, and
3. what changes the institution is expecting with regard to its own funds and minimum capital requirement over the next three years.

In addition to what is specified in the first paragraph, an application for permission to include an item referred to in section 2, point 1 in own funds shall include the loan agreement referred to in section 8, point 2.

In addition to what is specified in the first paragraph, an application for permission to include an item referred to in section 2, point 2 in own funds shall include the agreement referred to in section 19, point 2.

**Section 6** In an application concerning repayment or amortisation of an item referred to in section 2, point 1 or 2, an occupational pension undertaking shall specify the information set out in section 5, first paragraph, points 2 and 3. The institution shall also state the purpose of repayment or amortisation of the item.

**Section 7** In an application for permission to include an item referred to in section 2, points 3–5 in own funds, an occupational pension undertaking shall specify the information set out in section 5, first paragraph, points 1–3.

## Subordinated loans

*Conditions for being permitted to include subordinated loans in own funds*

**Section 8** An occupational pension undertaking may only include a subordinated loan in its own funds

1. to the extent it is fully paid, and
2. if the institution has entered into a binding loan agreement concerning the subordinated loan.

**Section 9** A loan agreement referred to in Section 8, point 2 shall contain terms to the effect that

1. the subordinated loan has subordinated terms of payment,
2. the occupational pension undertaking is able to defer payment of the interest if its own funds fall below or are at risk of falling below the minimum capital requirement as a result of such a payment,
3. the occupational pension undertaking is able to utilise accrued and deferred interest and the principle in order to cover losses such that the institution is given the opportunity to continue its business, and
4. the loan may not be called in by the holder.

The loan agreement shall also contain information about the term of the agreement and the model for calculating interest that shall be applied by the institution. The institution's interest calculation shall be based on a fixed interest rate or an interest rate that is related to a base rate. If the model for calculating interest contains

conditions that specify that the interest rate or increment is increased after a certain time (step-up conditions), this condition may not entail the interest rate, or increment, increasing by more than 1 percentage point over the term of the loan.

**Section 10** A loan agreement referred to in section 8, point 2 may not contain terms that entail the subordinated loans falling due for repayment prior to the agreed repayment dates.

**Section 11** A loan agreement referred to in section 8, point 2 may only be amended if Finansinspektionen has granted permission to do so.

*Maximum proportion that may be included in own funds*

**Section 12** Own funds may include subordinated loans of a maximum of 50 per cent of the lesser of the own funds and the occupational pension undertaking's minimum capital requirement. A maximum of 25 per cent of the lesser of own funds and the minimum capital requirement, may consist of fixed-term subordinated loans.

*Notice period and repayment of perpetual subordinated loans*

**Section 13** A perpetual subordinated loan shall have a notice period of at least five years.

**Section 14** Following approval by Finansinspektionen, an occupational pension undertaking may repay a perpetual subordinated loan early. An application for permission to repay the loan shall be submitted no later than six months before the date on which repayment is to take place.

A condition for Finansinspektionen's approval of the repayment is that the institution's own funds are satisfactory in the long term and that the repayment does not result in its own funds falling below or being at risk of falling below the minimum capital requirement in the long term.

*Maturity and repayment of perpetual subordinated loans*

**Section 15** A fixed-term subordinated loan shall have an original maturity of at least five years.

No later than one year before the repayment date, an occupational pension undertaking shall submit to Finansinspektionen a plan describing how the institution will be able to maintain its own funds at a level that exceeds the minimum capital requirement or increase this to the minimum capital requirement when the loan matures. Finansinspektionen shall approve the plan.

The institution does not need to submit a plan in accordance with the second paragraph if the proportion of own funds consisting of the subordinated loan has decreased gradually over the five years preceding the maturity date and the subordinated loan will therefore no longer be included in own funds on the repayment date.

**Section 16** Following approval from Finansinspektionen, an occupational pension undertaking may repay or amortise a fixed-term subordinated loan prior to the repayment date.

A condition for Finansinspektionen to approve a repayment in accordance with the first paragraph is that the occupational pension undertaking's own funds are satisfactory in the long term and that the repayment or amortisation will not result in the own funds falling below or being at risk of falling below the minimum capital requirement in the long term.

**Section 17** If an occupational pension undertaking has issued a fixed-term subordinated loan with entitlement for the institution to repay the loan prior to the repayment date, the earliest possible repayment date (call date) forms the basis on which the loan's maturity is calculated.

**Section 18** Following approval from Finansinspektionen, an occupational pension undertaking may include an extended fixed-term subordinated loan in its own funds.

A fixed-term subordinated loan that is extended shall be regarded as a new loan.

### **Securities without fixed maturities and other instruments**

*Conditions for including securities without fixed maturities and other instruments in own funds*

**Section 19** Securities without fixed maturities and other instruments may be included in own funds only

1. to the extent they are fully paid, and
2. if an occupational pension undertaking has entered into a binding agreement concerning the securities or instruments.

**Section 20** A loan agreement referred to in section 19, point 2 shall contain terms to the effect that

1. the security or instrument has subordinated terms of payment,
2. the occupational pension undertaking is able to defer payment of interest if its own funds fall below or are at risk of falling below the minimum capital requirement as a result of such a payment
3. the occupational pension undertaking is able to utilise accrued and deferred interest and the principal in order to cover losses such that the institution is given the opportunity to continue its business, and
4. the agreement may not be called in by the holder.

*Maximum proportion that may be included in own funds*

**Section 21** Own funds may include securities without fixed maturities and other instruments of a maximum of 50 per cent of the own funds or the minimum capital requirement, whichever the lesser, for the total amount of securities without fixed maturities and other instruments and those subordinated loans referred to in section 2, point 1.

*Repayment of securities without fixed maturities and other instruments*

**Section 22** Following approval by Finansinspektionen, an occupational pension undertaking may repay securities without fixed maturities and other instruments.

A condition for Finansinspektionen to approve a repayment in accordance with the first paragraph is that the occupational pension undertaking's own funds are satisfactory in the long term and are not at risk of falling below the minimum capital requirement in the long term as a result of the repayment.

**Conditions for being permitted to include openly reported revaluation surpluses on assets in own funds**

**Section 23** An occupational pension undertaking may include openly reported revaluation surpluses on assets in its own funds if the revaluation surpluses are not of an exceptional nature and they are reported in the institution's supplementary disclosures or statutory administration report in the annual report.

**Conditions for being permitted to include half of unpaid share capital or initial fund in own funds**

**Section 24** An occupational pension undertaking may include half of its unpaid share capital or initial fund in its own funds if the paid-up portion amounts to at least 25 per cent of the unpaid share capital or initial fund.

This item may constitute a maximum of 50 per cent of the lesser of own funds and the occupational pension undertaking's minimum capital requirement.

**Conditions for being permitted to include Zillmerising adjustment in own funds**

**Section 25** An occupational pension undertaking may include the difference between a non-Zillmerised or partially Zillmerised technical provision and a technical provision Zillmerised at a rate equal to the loading for acquisition costs included in the premium, if

1. Zillmerising is not practised, or
2. if Zillmerising is practised, only if the difference is less than the loading for acquisition costs included in the premium.

The amount referred to in the first paragraph may not exceed 3.5 per cent of the sum of the differences between

1. the relevant capital sums of life insurance and occupational pension activities, and
2. the technical provisions for all policies for which Zillmerising is possible.

The institution shall deduct the amount of any undepreciated acquisition entered as an asset, from the difference referred to in the second paragraph. This applies irrespective of whether the amount has been reported separately or is included as a claim against reinsurers.

## Chapter 7 Capital requirements

### Risk-based capital requirement

**Section 1** Chapter 8, sections 1–6 of the Occupational Pension Undertakings Act (2019:742) contain provisions concerning calculation of the risk-based capital requirement.

**Section 2** The following definitions apply in this chapter

1. *external credit assessment institution*: a credit assessment institution that is registered or certified in accordance with Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies,

2. *infrastructure entity*: an entity or corporate group referred to in Article 1(55b) of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II),

3. *infrastructure assets*: physical assets, structures or facilities, systems and networks referred to in Article 1(55a) of Commission Delegated Regulation (EU) 2015/35,

4. *credit quality steps*: quality steps in an objective scale of credit quality steps that is used in order to allocate an external credit assessment institution's credit assessments and is implemented through Commission Implementing Regulation (EU) 2018/633 of 24 April 2018 amending Implementing Regulation (EU) 2016/1800 laying down implementing technical standards with regard to the allocation of credit assessments of external credit assessment institutions to an objective scale of credit quality steps in accordance with Directive 2009/138/EC of the European Parliament and of the Council, and

5. *covered bonds*: bonds or other comparable debt instruments in accordance with the Covered Bonds (Issuance) Act (2003:1223) and Finansinspektionen's regulations and general guidelines (FFFS 2013:1) regarding covered bonds and exposures in the form of bonds referred to in Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

#### *General information about the calculation of the risk-based capital requirement*

**Section 3** An occupational pension undertaking shall calculate the risk-based capital requirement (RCR) in accordance with the following formula:

$$RCR = RCR_{MI} + RCR_{Operational} + Aa$$

where the adjusted aggregation of the capital requirements for market risk and insurance risk,  $RCR_{MI}$ , shall be calculated in accordance with the following formula:

$$RCR_{MI} = \sqrt{RCR_M^2 + RCR_I^2},$$

where

- $RCR_M$  is the capital requirement for market risk calculated in accordance with sections 8–30,
- $RCR_I$  is the capital requirement for insurance risk calculated in accordance with sections 31–43,
- $RCR_{Operational}$  is the capital requirement for operational risk calculated in accordance with section 44, and
- $Aa$  is an adjustment amount (deduction), calculated in accordance with section 45.

#### *Unit-linked and deposit insurance business*

**Section 4** When calculating capital requirements, an occupational pension undertaking that pursues unit-linked and deposit insurance business shall exclude assets, liabilities and technical provisions for which the policy holders' bear the risk.

#### *Risk-mitigation measures*

**Section 5** When calculating the risk-based capital requirement in accordance with Section 3, an occupational pension undertaking shall take into account the effects of the techniques it uses to mitigate its risks.

#### *Adjusted aggregation of capital requirements for risks*

**Section 6** When calculating the capital requirements for market risk, insurance risk, equity risk and additional risk, an occupational pension undertaking shall use the following formula for adjusted aggregation of the capital requirements for the risks included in each risk:

$$RCR_R = \sqrt{\sum_{i,j} C_{i,j} \cdot X_i \cdot X_j}$$

In the formula,  $RCR_R$  is the risk-based capital requirement for the risk in question. The capital requirements for the risks included in the risk in question are  $X_1, X_2, \dots, X_n$  and  $C_{i,j}$  is the correlation coefficient for the dependency between the  $i^{\text{th}}$  and the  $j^{\text{th}}$  risk. The sum shall include all possible combinations of  $i$  and  $j$ .

**Section 7** When calculating the capital requirement for longevity risk and mortality risk, an occupational pension undertaking shall use the following formula for the adjusted aggregation of capital requirements for these risks:

$$X_{LR} = \max[X_L; X_M],$$

where  $X_L$  and  $X_M$  are the capital requirements for longevity risk and mortality risk, respectively.

### **Capital requirement for market risk**

#### *General information about the capital requirement for market risk*

**Section 8** Chapter 8, section 3 of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning which risks are included in the capital requirement for market risk.

*Calculation of the capital requirement for market risk*

**Section 9** When producing the adjusted aggregation of the capital requirements that are included in the capital requirement for market risk in accordance with Chapter 8, section 3 of the Occupational Pension Undertakings Act (2019:742), and occupational pension undertaking shall use the formula specified in section 6.

When calculating in accordance with the first paragraph, the institution shall use the following correlation matrix:

$i \setminus j$	Interest rate risk	Equity risk	Property risk	Spread risk	Foreign exchange risk	Concentration risk
Interest rate risk	1	0.50	0.50	0.50	0	0
Equity risk	0.50	1	0.75	0.50	0	0
Property risk	0.50	0.75	1	0.50	0	0
Spread risk	0.50	0.50	0.50	1	0	0
Foreign exchange risk	0	0	0	0	1	0
Concentration risk	0	0	0	0	0	1

*Indirect exposures*

**Section 10** When calculating the capital requirement for market risk, an occupational pension undertaking shall take into account the risks in the institution's indirect exposures by analysing the institution's direct exposures to funds, collective investments or other investments if they entail indirect exposures to market risk (analysis).

When the institution applies that which is specified in the first paragraph, it shall take into account changes in the value of its direct exposures to each subcategory of market risk when calculating changes in the value of the direct exposures.

The institution shall only apply the analysis to that portion where information is available at the level of detail required for the calculation of the capital requirement.

The analysis shall not be applied to the type A shares and type B shares referred to in section 16, second and third paragraphs.

**Section 11** If it is not able to apply analysis in accordance with section 10, an occupational pension undertaking shall calculate the capital requirement for market risk on the basis of the target underlying asset allocation in funds, collective investments or other investments that entail indirect exposures.

However, the institution may only make such an assessment if

1. the information about the target asset allocation is available to the institution at the level of detail for subgroups that is required for the calculation of the risk-based capital requirement and the underlying assets are managed in accordance with the target allocation, and
2. the institution is neither the sole investor nor controls the asset allocation in the funds, collective investments or other investments that entail indirect exposures to market risk where the capital requirement is calculated on the basis of the target underlying asset allocation.

**Section 12** An occupational pension undertaking that is not able to analyse exposures in accordance with section 10 and is not able to apply section 11 shall regard the exposures as type C assets in accordance with section 16, fourth paragraph.

### Capital requirements for interest rate risk

**Section 13** An occupational pension undertaking shall calculate the capital requirement for interest rate risk as the sum of the capital requirements for interest rate risk for all rate-sensitive exposures in the form of assets, liabilities and technical provisions.

Under Chapter 1, section 6 of the Occupational Pension Undertakings Ordinance (2019:809), the risk of negative market rates shall not be taken into account. If a reduction in the level of a certain market interest rate that an occupational pension undertaking uses when measuring its rate-sensitive exposures results in the interest rate level becoming negative, the reduction shall be regarded as a market rate of zero.

**Section 14** When calculating the capital requirements for interest rate risk for the exposures referred to in section 13, first paragraph, an occupational pension undertaking shall measure the exposures with altered market rates.

The capital requirement for interest rate risk for each rate-sensitive exposure constitutes the largest reduction in own funds that arises in the event of a reduction or increase in market rates as described in the third or fourth paragraphs.

In the event of a reduction in market rates, the institution shall choose the largest reduction in own funds that arises in the event of an absolute reduction or a relative reduction as per the table below.

In the event of an increase in market rates, the institution shall choose the largest reduction in own funds that arises in the event of an absolute increase or relative increase as per the table below.

In this provision concerning technical provisions, market rates shall mean market quotations in accordance with Chapter 4, section 11, first paragraph, point 1.

Maturity (years)	Absolute change (basis points)	Relative change
≤1	± 50	± 41 %
2	± 53	± 38 %
3	± 56	± 36 %
4	± 60	± 33 %
5	± 62	± 32 %
6	± 64	± 30 %
7	± 65	± 28 %
8	± 66	± 27 %
9	± 67	± 26 %
10	± 68	± 25 %
12	± 69	± 23 %
15	± 70	± 22 %
≥ 20	± 70	± 20 %



For maturities that are not specified in the table, the change shall be calculated using linear interpolation.

### Capital requirements for equity risk

#### *Calculation of the capital requirement for equity risk*

**Section 15** An occupational pension undertaking shall calculate the capital requirement for equity risk using an adjusted aggregation of the capital requirements for the types of asset specified in section 16, in accordance with the formula in section 6 and using the following correlation matrix:

i/j	Type A shares	Type B shares	Type C assets
Type A shares	1	0.75	0.75
Type B shares	0.75	1	0.75
Type C assets	0.75	0.75	1

#### *Types of assets*

**Section 16** An occupational pension undertaking shall calculate the capital requirement for equity risk for type A shares, type B shares and type C assets.

*Type A shares* means shares that are admitted to trading on a regulated market or are traded on an MTF. In addition, this includes shares that are traded on a trading venue that is equivalent to a regulated market or an MTF outside of the European Economic Area (EEA), in a state that is a member of the Organisation for Economic Co-operation and Development (OECD). The terms *regulated market* and *MTF* have the same meaning as in the Securities Market Act (2007:528).

*Type B shares* means shares other than type A shares that are traded on trading venues that are equivalent to the trading venues referred to in the second paragraph outside of the EEA and OECD.

*Type C assets* means both shares other than type A shares and type B shares, and also assets that are not encompassed by the subgroup for interest rate risk, the subgroup for property risk or the subgroup for spread risk.

#### *Calculation of capital requirements for different types of asset within equity risk*

**Section 17** The capital requirements for different types of asset in accordance with section 16 shall be calculated as the reduction in own funds that results from the value of the assets decreasing as per the following table:

Type A shares	30 %
Type B shares	40 %
Type C assets	45 %

### Capital requirement for property risk

**Section 18** An occupational pension undertaking shall calculate the capital requirement for property risk as the reduction in own funds that results from the

market prices of the institution's investments in real estate and buildings falling by 25 per cent.

### Capital requirement for spread risk

**Section 19** An occupational pension undertaking shall calculate the capital requirement for spread risk,  $RCR_{Sp}$ , in accordance with the following formula:

$$RCR_{Sp} = \sum_i Stress_i \cdot Holding_i$$

where

- all of the institution's exposures  $i$  with spread-related duration on interest-bearing assets are added together,
- $Stress_i$  is the spread factor and is determined for each exposure  $i$  from the table below by using the formula and the parameters  $a$  and  $b$  that apply to the exposure's credit quality steps and duration ( $dur_i$ ),
- $dur_i$  is the duration of the exposure  $i$  expressed in years, and
- $Holding_i$  is the market value of the exposure  $i$ .

Credit quality step	Duration (dur):	dur < 5 years	5 ≤ dur ≤ 15 years	dur > 15 years
	Stress (%):	$b \cdot dur_i$	$a + b \cdot (dur_i - 5)$	$a + b \cdot (dur_i - 15)$
SOBL	a	-	4.5	10.5
	b	0.9	0.6	0.3
0	a	-	5	11
	b	1	0.6	0.3
1	a	-	6	12
	b	1.2	0.6	0.3
2	a	-	7	13
	b	1.4	0.6	0.3
3	a	-	9	15
	b	1.8	0.6	0.3
4/5	a	-	16	22
	b	3.2	0.6	0.3
6	a	-	25	31
	b	5	0.6	0.3
No credit rating	a	-	10	16
	b	2	0.6	0.3

#### *Spread risk for covered bonds (SOBL)*

**Section 20** When calculating the capital requirement for spread risk for the covered bonds referred to in Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council if the bonds have a credit rating equivalent to credit quality step zero or one, an occupational pension undertaking shall apply credit quality step SOBL in section 19.

#### *Spread risk for interest-bearing assets issued by states or institutions*

**Section 21** When calculating the capital requirement for spread risk, an occupational pension undertaking shall exclude interest-bearing assets issued by  
1. a state,

2. those international institutions referred to in Article 180(2) of Commission Delegated Regulation (EU) 2015/35, or
3. Kommuninvest i Sverige AB.

That which is specified in the first paragraph only applies if the issuer has a credit rating equivalent to credit quality step zero or one. If an international institution referred to in the first paragraph, point 2 does not have a credit rating, the assets may still be exempted if the country to which the institution belongs has a credit rating equivalent to zero or one.

#### *Spread risk for infrastructure investments*

**Section 22** When an occupational pension undertaking is calculating spread risk in accordance with section 19, the institution shall allocate a risk weight of 70 per cent to exposures in the form of interest-bearing assets that fulfil the criteria of a qualifying infrastructure investment in accordance with section 28. This means that the exposure shall constitute 70 per cent of the market value.

#### *Duration*

**Section 23** When an occupational pension undertaking is applying that which is specified in section 19, the institution shall calculate the duration of the interest-bearing assets, expressed in years. The institution shall perform the calculation by using a market value-weighted approach. For interest-bearing assets with a variable interest rate, the institution shall calculate the duration using the interest rate that applies at the time the calculation is performed.

### **Capital requirement for foreign exchange risk**

#### *Calculation of the capital requirement for foreign exchange risk*

**Section 24** An occupational pension undertaking shall calculate the capital requirement for foreign exchange risk by adding up the capital requirements in accordance with section 25 for foreign exchange risk for each currency to which the institution is exposed.

#### *Calculation of capital requirement for foreign exchange risk for each currency*

**Section 25** An occupational pension undertaking shall calculate the capital requirement for foreign exchange risk for each currency to which the institution is exposed as the reduction in own funds that would result from the exchange rate increasing or decreasing by 10 per cent.

### **Capital requirement for concentration risk**

**Section 26** An occupational pension undertaking shall calculate the capital requirement for concentration risk,  $RCR_{Conc}$ , by aggregating the capital requirements for concentration risk,  $Conc_i$ , for each issuer  $i$  to which the institution is exposed. The institution shall perform the aggregation in accordance with the following formula:

$$RCR_{conc} = \sqrt{\sum_i Conc_i^2},$$

where

- all issuers to which the institution is exposed are added together, and
- $Conc_i$  is the capital requirement for concentration risk for the issuer  $i$ .

#### *Calculation of capital requirement for concentration risk for one single issuer*

**Section 27** An occupational pension undertaking shall calculate the capital requirement for concentration risk,  $Conc_i$ , for issuer  $i$  in accordance with the following formula:

$$Conc_i = 0.15 \cdot \max(0; E_i - 0.05 \cdot Assets),$$

where

- $E_i$  is the market value of the institution's exposure to the issuer  $i$ , and
- $Assets$  is the value of the occupational pension undertaking's total investment assets.

When calculating  $E_i$  for issuer  $i$ , covered bonds shall have a risk weight of 25 per cent, which means that the exposure to these shall constitute 25 per cent of their market value.

If an issuer is part of a group of issuers referred to in Chapter 6, section 5 of the Occupational Pension Undertakings Act (2019:742), all issuers within the group shall be regarded as being one single issuer.

Those interest-bearing assets that the institution shall exempt from the calculation of the capital requirement for spread risk in accordance with section 21 shall also be exempted from the calculation of concentration risk.

### **Specific information about qualifying infrastructure investments**

#### *Criteria for a qualifying infrastructure investment*

**Section 28** An occupational pension undertaking's qualifying infrastructure investments shall encompass investments in an infrastructure entity that fulfils the following criteria:

1. The institution makes the investment in the form of either interest-bearing assets or those type C assets referred to in section 16, fourth paragraph.
2. The cash flows generated by the infrastructure entity for its creditors and shareholders are predictable.
3. If the institution makes the investment in the form of interest-bearing assets, the scope of the agreement shall encompass limitations on the ability of the infrastructure entity to perform activities that may harm its creditors. This means that new liabilities may only be issued if the existing creditors consent to this, provided

such new issues of liabilities are permitted in accordance with the documentation for the existing liability.

4. If a credit assessment from an external credit assessment institution is available for the infrastructure entity, the entity shall have a credit rating equivalent to a credit quality step between zero and three.

5. If the institution makes the investment in the form of assets for which there is no credit assessment from an external credit rating institution, the assets shall be located in countries that are members of the EEA or OECD.

6. If the institution makes the investment within a fund structure where it is possible to redeem units, the scope of the agreement shall include restrictions on redemption that aim to ensure that all unit-holders are treated equally in economic terms.

7. If the infrastructure entity's revenue does not come from payments from a large number of users, the party that has agreed to buy the goods or services provided by the infrastructure entity shall be one of the following:

- a) an entity that is listed under Article 180(2) of Commission Delegated Regulation (EU) 2015/35, or
- b) an entity with a rating from an external credit rating institution with a credit rating equivalent to a credit quality step between zero and three.

The cash flows referred to in the first paragraph, point 2 shall be regarded as being predictable if all except an immaterial portion of the revenues fulfils at least one of the following criteria:

- 1. The revenues are subject to provisions of acts that regulate the pricing of or rate of return from certain goods or services (rate-of-return regulation).
- 2. The revenues are subject to a contract that contains terms to the effect that a buyer shall pay a fixed amount if the vendor does not complete the purchase in accordance with the agreement (take-or-pay contract).
- 3. The level of output and the price or the usage and price independently fulfil one of the following criteria:
  - a) They are regulated in law or in another statute.
  - b) They are contractually fixed.
  - c) They are predictable due to low demand risk.

#### *Capital requirement for the risk of qualifying infrastructure investments*

**Section 29** The capital requirement for the risk of qualifying infrastructure investments that consist of interest-bearing assets shall be calculated as the capital requirement for spread risk in accordance with sections 19–23.

**Section 30** The capital requirement for the risk of qualifying infrastructure investments that consist of type C assets as described in section 16, fourth paragraph shall be calculated as the capital requirement for property risk in accordance with section 18.

## Capital requirement for insurance risk

### *General information about the capital requirement for insurance risk*

**Section 31** Chapter 8, section 4 of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning which types of risk are included in the capital requirement for insurance risk. In addition to these risks, additional risk shall also be included in the calculation of the capital requirement for insurance risk that an occupational pension undertaking shall perform.

### *Aggregation of the capital requirements for insurance risk*

**Section 32** When calculating the capital requirement for insurance risk, an occupational pension undertaking shall use the formulae specified in sections 6 and 7 when performing the adjusted aggregation of the risks in accordance with section 31. The capital requirement for longevity risk and mortality risk shall be aggregated to a capital requirement for life risk.

When performing the calculation in accordance with the first paragraph, the occupational pension undertaking shall use the following correlation matrix:

i \ j	Life risk	Morbidity risk	Additional risk	Lapse risk	Expense risk
Life risk	1	0.25	0.25	0.25	0.5
Morbidity risk	0.25	1	0.75	0.25	0.5
Additional risk	0.25	0.75	1	0.25	0.5
Lapse risk	0.25	0.25	0.25	1	0.5
Expense risk	0.5	0.5	0.5	0.5	1

## Capital requirement for life risk

### *Calculation of the capital requirement for life risk*

**Section 33** An occupational pension undertaking shall calculate the capital requirement for life risk as the larger of the capital requirements for longevity risk in accordance with section 34 and mortality risk in accordance with section 35, applying the formula set out in section 7.

### *Calculation of the capital requirement for longevity risk*

**Section 34** An occupational pension undertaking shall calculate the capital requirement for longevity risk as the increase in the technical provisions in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742) in the event of a 15 per cent reduction in the probability that a person will die within one year (one-year mortality probability).

The institution shall assume in the calculation that this mortality applies throughout the full remaining term of the policy. The calculation shall be performed for the entire policy portfolio.

If this facilitates the calculation, the institution can, where applicable, multiply the applied mortality intensity by a factor of 0.85 when stressing.

#### *Calculation of the capital requirement for mortality risk*

**Section 35** An occupational pension undertaking shall calculate the capital requirement for mortality risk as the increase in the technical provisions in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742) in the event of a 15 per cent increase in the one-year mortality probability.

In the calculation, the institution shall assume that the increased mortality applies throughout the full remaining term of the policy. The calculation shall be performed for the entire policy portfolio.

If this facilitates the calculation, the institution can, where applicable, multiply the applied mortality intensity by a factor of 1.15 when stressing.

#### **Capital requirement for morbidity risk**

**Section 36** An occupational pension undertaking shall calculate the capital requirement for morbidity risk as the increase in the technical provisions in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742) when the institution is applying the stress factors set out in the table below:

The probability that a person will fall ill within one year increases	+ 40 %
The probability that a person will recover or die (settlement) within one year decreases	- 15 %
The degree of invalidity increases	+ 15 %

If the institution applies a settlement function  $\lambda(x,t)$ , this shall increase such that  $[1-\lambda(x,t)]$  is replaced by  $0.85 \cdot [1-\lambda(x,t)]$  for all ages  $x$  and durations  $t$ . The degrees of invalidity  $doi$  shall be increased such that  $(1-doi)$  are replaced by  $0.85 \cdot (1-doi)$ .

#### **Capital requirement for additional risk**

**Section 37** The capital requirement for additional risk shall encompass compensation in the event of

1. loss of income due to accidents at work, work-related injuries and occupational diseases (income protection),
2. unemployment or parental leave (economic loss), and
3. medical treatment or care (healthcare cost).

Capital requirements for insurance policies with life risk or morbidity risk shall be calculated in accordance with sections 33–35 and 36, respectively.

**Section 38** When calculating the capital requirement for additional risk, an occupational pension undertaking shall produce an adjusted aggregation of the capital requirements for the subcategories set out in section 37 and apply the formula in section 6 and use the following correlation matrix:

i\j	Income protection	Economic loss	Healthcare cost
Income protection	1	0.5	0.5
Economic loss	0.5	1	0.5
Healthcare cost	0.5	0.5	1

*Calculation of the capital requirement for income protection*

**Section 39** An occupational pension undertaking shall calculate the capital requirement for income protection,  $RCR_{Ip}$ , in accordance with the following formula:

$$RCR_{Ip} = 2,1 \cdot \sqrt{0,08^2 \cdot V_{tp}^2 + 0,12^2 \cdot V_{TPR}^2 + 0,0096 \cdot V_{tp} \cdot V_{TPR}}$$

where  $V_{tp}$  and  $V_{TPR}$  are two volume measures determined by

- $V_{tp} = \max[TP; TP_{previous}] + ETP_{existing} + ETP_{subsequent}$ , and
- $V_{TPR}$  = technical provisions (TPR) on own account for this benefit, where TPR are calculated in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742),

and

- $TP$  denotes an estimate of the technical premiums that will be earned by the institution for this benefit over the next twelve months on its own account,
- $TP_{previous}$  denotes the technical premiums that were earned by the institution for this benefit over the previous twelve months on its own account,
- $ETP_{existing}$  denotes the expected present value of the technical premiums that will be earned by the institution for this benefit after the next twelve months for existing contracts on its own account, and
- $ETP_{subsequent}$  denotes the expected present value of the technical premiums that will be earned by the institution for this benefit for contracts where initial recognition takes place in the subsequent twelve months but without the premiums that will be earned over the twelve months after initial recognition on its own account.

*Technical premiums* means the risk premium multiplied by 1.15, where the risk premium is that part of the premium that is deemed to be required in order to cover compensation in the event of claims over the forthcoming twelve months for this benefit.

*Calculation of capital requirement for economic loss*

**Section 40** An occupational pension undertaking shall calculate the capital requirement for economic loss,  $RCR_{El}$ , in accordance with the following formula:

$$RCR_{El} = 2.1 \cdot \sqrt{0.13^2 \cdot V_{tp}^2 + 0.2^2 \cdot V_{TPR}^2 + 0.026 \cdot V_{tp} \cdot V_{TPR}}$$

where  $V_{tp}$  and  $V_{TPR}$  are two volume measures determined by

- $V_{tp} = 1.3 \cdot \max[TP; TP_{previous}] + ETP_{existing} + ETP_{subsequent}$ , and
- $V_{TPR}$  = technical provisions (TPR) on own account for this benefit, where TPR are calculated in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742),



and

- $TP$  denotes an estimate of the technical premiums that will be earned by the institution for this benefit over the next twelve months on its own account,
- $TP_{previous}$  denotes the technical premiums that were earned by the institution for this benefit over the previous twelve months on its own account,
- $ETP_{existing}$  denotes the expected present value of the technical premiums that will be earned by the institution for this benefit after the next twelve months for existing contracts on its own account, and
- $ETP_{subsequent}$  denotes the expected present value of the technical premiums that will be earned by the institution for this benefit for contracts where initial recognition takes place in the subsequent twelve months but without the premiums that will be earned over the twelve months after initial recognition on its own account.

*Technical premiums* means the risk premium multiplied by 1.15, where the risk premium is that part of the premium that is deemed to be required in order to cover compensation in the event of claims over the forthcoming twelve months for this benefit.

#### *Calculation of the capital requirement for healthcare cost*

**Section 41** an occupational pension undertaking shall calculate the capital requirement for healthcare cost,  $RCR_{Hc}$ , in accordance with the following formula:

$$RCR_{Hc} = 0.04 \cdot SE \cdot n$$

where

- $SE$  denotes the average compensation amounts over the past three years in respect of healthcare costs, and
- $n$  denotes the average duration, expressed in years with two decimals, of the cash flows in the technical provisions in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742) for such liabilities.

#### **Capital requirement for lapse risk**

##### *Calculation of the capital requirement for lapse risk*

**Section 42** An occupational pension undertaking shall calculate the capital requirement for lapse risk,  $RCR_{Lap}$ , in accordance with the following formula:

$$RCR_{Lap} = 0.0015 \cdot PC_T + 0.0036 \cdot PC_U,$$

where

- $PC_T$  and  $PC_U$  are the pension capital for pension benefits with transfer option for traditional pension business ( $T$ ) and unit-linked and deposit insurance activities ( $U$ ).

#### **Capital requirement for expense risk**

*Calculation of the capital requirement for expense risk*

**Section 43** An occupational pension undertaking shall calculate the capital requirement for expense risk,  $RCR_{Exp}$ , in accordance with the following formula:

$$RCR_{Exp} = 0.08 \cdot Provex_T + 0.75 \cdot Expense_U,$$

where

- $Provex_T$  is the institution's provision for fixed operating expenses for business involving traditional insurance, and
- $Expense_U$  is the institution's fixed operating expenses for business involving unit-linked and deposit insurance over the past twelve months.

Fixed operating expenses means the institution's operating expenses, including claims handling expenses less acquisition costs.

**Capital requirement for operational risk***Calculation of the capital requirement for operational risk*

**Section 44** An occupational pension undertaking shall calculate the capital requirement for operational risk,  $RCR_{Operational}$ , in accordance with the following formula:

$$RCR_{Operational} = \min[0.25 \cdot RCR_{MI}; Op] + 0.20 \cdot Expense_U,$$

where

- $RCR_{MI}$  is calculated in accordance with section 3,
- $Expense_U$  is the institution's fixed operating expenses for business involving unit-linked and deposit insurance over the past twelve months, and
- $Op$  is calculated as

$$Op = \max(Op_{Prem}; Op_{Pro}),$$

where

- $Op_{Prem} = 0.03 \cdot P_T + \max[0; 0.03 \cdot (P_T - 1.2 \cdot pP_T)]$ ,
- $Op_{Pro} = 0.0035 \cdot TPR_T$ ,
- $P_T$  is the institution's written premiums for business involving traditional insurance over the past twelve months,
- $pP_T$  is the institution's written premiums for business involving traditional insurance over the twelve months prior to the past twelve months, and
- $TPR_T$  is the institution's technical provisions in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742) for business involving traditional insurance.

Written premiums means premiums without deducting premiums for reinsurance cessions.

**Adjustment amount**

**Section 45** An occupational pension undertaking shall calculate the adjustment amount ( $Aa$ ) for the loss-absorbing effect of deferred tax and conditional bonuses in accordance with the following formula:

$$Aa = Aa_{Tax} + Aa_{Cbon},$$

where

- $Aa_{Tax}$  is the adjustment amount for deferred tax, where deductions are made for the reduction in deferred tax that may arise in the event of future losses, and
- $Aa_{Cbon}$  is the adjustment amount for conditional bonuses that is calculated in accordance with the following formula:

$$Aa_{Cbon} = -\max[0; \min(Cbon; RCR_{MI} - nRCR_{MI})],$$

where

- $Cbon$  is the conditional bonuses in accordance with Chapter 5 of the Occupational Pension Undertakings Act (2019:742),
- $RCR_{MI}$  is the adjusted aggregation of the capital requirements for market risk and insurance risk specified in section 3, and
- $nRCR_{MI}$  is calculated in the same way as  $RCR_{MI}$  but where the institution shall calculate the loss-absorbing effects of conditional bonuses.

When calculating  $nRCR_{MI}$ , the institution shall also take into account future administrative measures, as well as legal, regulatory and contractual limitations on the allocation and reduction of conditional benefits.

## Chapter 8 Corporate governance

**Section 1** Chapter 9 of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning corporate governance.

**Section 2** The provisions in sections 17–19 and 22–25, section 27, first paragraph, section 28, second paragraph, sections 31–36 and 39, section 40, first paragraph, sections 51, 52, 56, 58 and 67, and section 70, points 2, 3, 6, 10 and 11 do not apply to an occupational pension undertaking that has

- less than SEK 5 billion in assets, or
- less than SEK 20 billion in assets and that pursues occupational pension business that is primarily intended for employees of a certain undertaking or for people that belong to a certain occupational group.

Section 27, second paragraph and section 40, second paragraph contain specific provisions that are adapted to occupational pension undertakings that are referred to in the first paragraph.

### Fit and proper requirements

#### *The general fit and proper requirement*

**Section 3** An occupational pension undertaking shall ensure that a person who is referred to in Chapter 9, section 3, first paragraph of the Occupational Pension

Undertakings Act (2019:742) has the insight and experience required by scrutinising this person's qualifications, experience and knowledge.

In addition to that which is set out in the first paragraph, the occupational pension undertaking shall ensure that the person is otherwise fit and proper for the position by scrutinising the person's honesty and financial position.

*General guidelines*

The occupational pension undertaking's scrutiny of the person's honesty and financial position should be based on documentation of the person's reputation, behaviour and professional practice. It should also take into account relevant penal, financial and supervisory aspects.

**Section 4** An occupational pension undertaking shall ensure that the persons who are on its board of directors have the insight and experience necessary within the areas that are relevant to the institution's occupational pension business so that they are able to govern the institution in a sound and responsible manner.

*General guidelines*

The board of directors of an occupational pension undertaking should have the necessary insight into and experience of

1. the occupational pension market,
2. business strategy and business models,
3. corporate governance,
4. financial analysis and actuarial analysis, and
5. rules that apply to the business subject to authorisation.

**Section 5** Chapter 9, section 23 of the Occupational Pension Undertakings Act (2019:742) contains provisions to the effect that an occupational pension undertaking may commission another party to undertake a certain piece of work or certain functions (outsourcing).

*General guidelines*

An occupational pension undertaking that has commissioned another party to undertake work as part of a key function should appoint a person within the institution who is responsible for the outsourced operations.

This person should have the insight into and experience of the function's duties that is required in order to check that the outsourced operations are being performed and the results of the outsourcing.

The institution should notify Finansinspektionen of who the responsible person is.

*Conditions concerning competency – internal audit function*

**Section 6** An occupational pension undertaking shall ensure that the internal audit function has sufficient knowledge and experience of the function's duties.

The knowledge and experience referred to in the first paragraph shall be relevant to the institution's occupational pension business and shall encompass

1. processes and procedures,
2. IT systems,
3. risks,
4. the rules that apply to the business, including rules for accounting for assets and technical provisions, and
5. internal audit standards.

**Section 7** A person who is responsible for the internal audit function of an occupational pension undertaking that has outsourced all of the function's duties does not need to fulfil the requirements in section 6 if at least one person who is performing the duties of the function in accordance with the outsourcing agreements fulfils the requirements.

*Conditions concerning competency – actuarial function*

**Section 8** A person who undertakes duties within the actuarial function shall have knowledge of actuarial and financial mathematics at a level that is appropriate in view of this person's duties within the function.

**Section 9** A person who is responsible for the actuarial function shall have language skills commensurate with the duties of the function.

*General guidelines*

The responsible person should have sufficient knowledge of the Swedish language to understand those parts of the regulatory framework concerning occupational pension undertakings that are of significance to the duties of the function.

**Section 10 §** A person who is responsible for the actuarial function shall have completed an undergraduate programme at a Swedish university, or Swedish university college, worth at least 120 higher education credits in mathematics and mathematical statistics, at least 45 credits of which in each subject.

**Section 11** The undergraduate programme referred to in section 10 shall consist of or be supplemented by completed courses in

1. Swedish insurance accounting and Swedish insurance law, and
2. life actuarial mathematics, non-life actuarial mathematics and financial mathematics commensurate with the duties of the function.

*General guidelines*

The undergraduate programme should have been supplemented with a master's degree in actuarial mathematics.

**Section 12** A person who is responsible for the actuarial function may, instead of having completed a study programme as referred to in sections 10 and 11, acquire equivalent knowledge by having completed another, equivalent course at a university or university college in Sweden or abroad. The study programme may also have been organised by an actuarial association or an educational organisation.

*General guidelines*

An equivalent study programme can be, for example, an older degree in mathematical statistics or a degree of master of science in engineering.

**Section 13** A person who is responsible for the actuarial function shall, if necessary, undergo further training in order to fulfil the requirements for sufficient knowledge that apply by virtue of Chapter 9, section 13, second paragraph of the Occupational Pension Undertakings Act (2019:742). Relevant aspects of this person's knowledge shall be of a good international standard.

**Section 14** A person who is responsible for the actuarial function shall, at the time they are appointed to this position, have worked practically with the duties the function undertakes for at least three of the past seven years.

**Section 15** A person who is responsible for the actuarial function of an occupational pension undertaking that has outsourced all of the function's duties does not need to fulfil the requirements in sections 9–14 if at least one person who is performing the duties of the function under the outsourcing agreement fulfils these requirements.

**Policy document for risk management***General*

**Section 16** An occupational pension undertaking's policy document for risk management shall contain a description of the division of responsibility and the strategies, processes and reporting procedures that are in place to ensure that the institution is continually able to identify, appraise, monitor, manage and report risks.

**Section 17** An occupational pension undertaking's policy documents for risk management shall have contents that are consistent with the institution's overall business strategy.

*Insurance risks*

**Section 18** An occupational pension undertaking's policy document for risk management shall, in respect of insurance risks, contain a description of

1. the risk tolerance limits adopted by the institution,
2. how the institution shall assess and manage the risk of a loss or negative change in its technical provisions as result of incorrect tariffs and assumptions concerning provisions,
3. how the institution shall ensure that the details that shall be taken into account in the process of underwriting insurance policies and the process of allocation to technical provisions are sufficient and accurate, and
4. how the institution shall ensure the appropriateness of its claims handling.

*General guidelines*

The occupational pension undertaking's policy document for risk management should, in respect of insurance risks, contain a description of how the institution shall

1. determine which types of insurance risks it will accept,

2. ensure that written premiums cover expected claims and expenses,
3. identify risks pursuant to the institution's insurance obligations, including possible choices and guaranteed surrender value in the institution's products,
4. take into account investment restrictions when the institution is designing new insurance products and when it is calculating premiums,
5. take into account reinsurance and other risk-mitigation techniques when the institution is designing new insurance products and when it is calculating premiums, and
6. ensure that the institution makes its own assessment of the insurance risks when insurance policies are taken out through insurance intermediaries.

#### *Matching risks.*

**Section 19** An occupational pension undertaking's policy document for risk management shall, in respect of matching risks, contain a description of the institution's

1. adopted risk tolerance limits,
2. policies for managing structural mismatching of the duration of assets and liabilities,
3. policies for dealing with dependency between the risks of assets and liabilities,
4. policies for dealing with off-balance sheet exposures, and
5. policies for dealing with the impact of risk-mitigation techniques on the institution's matching techniques.

#### *General guidelines*

The occupational pension undertaking's policy document for risk management should, in respect of matching risks, where applicable, contain a description of

1. the procedures there are for identifying and assessing the properties of mismatching between assets and liabilities, at least with regard to conditions and currency,
2. which risk-mitigation techniques shall be used and the expected effect of these techniques,
3. intentional mismatching between assets and liabilities that is permitted,
4. the methodology that shall be used, and
5. how often stress tests and scenario analyses shall be performed.

#### *Investment risks*

**Section 20** An occupational pension undertaking's policy document for risk management shall, in respect of investment risks, contain an account of

1. how the institution shall ensure that investments are undertaken with the prudence that applies by virtue of Chapter 6, section 1 of the Occupational Pension Undertakings Act (2019:742),
2. the risk tolerance limits adopted by the institution for investment risks, including off-balance sheet exposures,
3. how the institution shall ensure that the risk tolerance limits it has adopted, solvency situation and long-term risk exposure is taken into account in the institution's investments,

4. the methods the institution shall apply to the measurement of investment risks, especially market risk and counterparty risk, including in those cases where the counterparties are states, and
5. the methods the institution shall apply when it is conducting stress tests and scenario analyses of extreme market changes.

**Section 21** In its policy document for risk management, an occupational pension undertaking that uses derivatives shall, in respect of investment risks, describe

1. how these shall facilitate efficient portfolio management or contribute to mitigating the risks,
2. how the institution shall assess the risk of these instruments, and
3. which principles the institution shall use in order to manage the risks that arise as a result of the use of these instruments.

#### *Liquidity and concentration risks*

**Section 22** An occupational pension undertaking's policy document for risk management shall, in respect of liquidity and concentration risks, contain a description of

1. the risk tolerance limits adopted by the institution,
2. how the institution shall manage short-term and long-term liquidity risks,
3. how the institution shall assess the appropriateness of the composition of its assets with regard to the ability to settle obligations when they fall due for payment,
4. how changes in expected in and out flows of cash and cash equivalents shall be managed,
5. how relevant causes of concentration risk for ensuring that the risk concentrations are within the adopted risk tolerance limits shall be identified, and
6. how any risks of contagion between concentrated exposures shall be identified and managed.

#### *Operational risks*

**Section 23** An occupational pension undertaking's policy document for risk management shall, in respect of operational risks, contain a description of

1. the risk tolerance limits adopted by the institution, and
2. how the institution shall allocate responsibility for regularly identifying, documenting and monitoring relevant exposures for operational risks.

#### *Risks attributable to reinsurance and other risk-mitigation techniques*

**Section 24** An occupational pension undertaking's policy document for risk management shall, in respect of risks attributable to reinsurance and other risk-mitigation techniques, where applicable, contain a description of

1. the risk tolerance limits adopted by the institution,
2. how the institution shall ensure that it chooses appropriate reinsurance and other appropriate risk-mitigation techniques, and
3. how the institution shall assess which types of risk-mitigation techniques are appropriate taking into account the risks which the institution has accepted and the institution's ability to manage risks associated with these techniques.



*Environmental risks, social risks and corporate governance risks attributable to the investment portfolio*

**Section 25** An occupational pension undertaking's policy document for risk management shall, in respect of environmental risks, social risks and corporate governance risks attributable to the investment portfolio and its management, contain a description of the risk tolerance limits adopted by the institution.

*Internal assessment of external credit assessments*

**Section 26** An occupational pension undertaking's policy document for risk management shall, in respect of its internal assessment of external credit assessments referred to in Chapter 9, section 17 of the Occupational Pension Undertakings Act (2019:742), contain a description of

1. the extent that the internal assessment shall have and how often it shall be conducted,
2. how the internal assessment shall be conducted, including which assumptions shall be used, and
3. how often the internal assessment shall be evaluated and under which conditions an evaluation of the internal assessment shall be conducted.

#### **Policy document for internal control**

**Section 27** An occupational pension undertaking's policy document for internal control shall contain a description of the division of responsibility, objectives and processes in the institution's system for internal control. The content of the policy document shall be consistent with the institution's overall business strategy.

If an occupational pension undertaking is an institution referred to in section 2, instead of that which is stated in the first paragraph, the institution's policy document for internal control shall contain a description of the institution's system for internal control.

#### **Policy document for internal audit**

**Section 28** An occupational pension undertaking's policy document for internal audit shall contain a description of division of responsibility, objectives, processes and reporting procedures.

The content of the policy document shall be consistent with the institution's overall business strategy.

#### **Actuarial guidelines**

**Section 29** An occupational pension undertaking's actuarial guidelines shall contain a description of the institution's most important activities and products.

**Section 30** An occupational pension undertaking's actuarial guidelines shall contain a description of the institution's policies for

1. determining premiums and benefits,
2. calculating technical provisions for solvency purposes and for financial reporting,
3. surrendering insurance policies,

4. transferring the value of an insurance policy to another policy,
5. allocating bonuses and surpluses to the insured persons and other beneficiaries,
6. determining which amounts shall be paid out,
7. governing the consolidation level,
8. covering deficits.

Consolidation level means the ratio between the market value of the assets and the allocated benefit values. “Allocated benefit values” is the sum of guaranteed obligations and preliminarily allocated bonuses.

**Section 31** The description in accordance with section 30, first paragraph, points 1–6 shall, where applicable, include how the occupational pension undertaking chooses assumptions concerning

1. rate of return,
2. mortality and longevity,
3. morbidity, illness incidence and duration of illness, also for waiver of premium cover,
4. other risk aspects, for example elevated risks and options, including that the policy is terminated prematurely, and
5. tax and operating expenses.

The description pursuant to points 2 and 3 of the first paragraph shall state the type of publicly available information on which the assumptions are based. It shall also state whether the adjustments have taken place taking into account the characteristics of the occupational pension undertaking’s own insurance portfolio.

**Section 32** The description in accordance with section 30, first paragraph, point 2 shall, in respect of non-life insurance-like business, include how the occupational pension undertaking calculated technical provisions for

1. unearned premiums,
2. unexpired risks,
3. outstanding claims, and
4. claims handling expenses.

**Section 33** The description in accordance with section 30, first paragraph, points 3 and 4 shall, where applicable, include how the occupational pension undertaking

1. approves the surrender and transfer of the value of a policy,
2. approves changes to insurance contracts,
3. determines what proportion of the value of a transferred (received) policy will constitute a guaranteed benefit, conditional bonus and be allocated as a non-guaranteed bonus, respectively,
4. calculates the value of an amended policy, and
5. determines the surrender value and transfer value.

The description referred to in the first paragraph shall state what potential the occupational pension undertaking has to require surrender, to amend insurance contracts and to transfer the value of a policy.

**Section 34** The description in accordance with section 30, first paragraph, point 5 shall, where applicable, include details of

1. the policies or groups of policies where there is an entitlement to bonuses under the insurance contracts or other agreements between the social partners,

2. whether there is any provision concerning allocation of bonuses, in the occupational pension undertaking's articles of association or statutes,
3. whether surpluses are allocated as bonuses in accordance with the fairness principle, contribution principle or some other principle,
4. which method is used to allocate surpluses, e.g. the retrospective reserve method, and the reasons for choosing this method,
5. how the institution reclaims preliminarily allocated bonuses and reduces collective conditional bonuses,
6. how differences between insurance policies' contribution to the result of return on capital, insurance risks and operating expenses affect the allocation of bonuses,
7. how non-guaranteed bonuses are allocated,
8. how guaranteed bonuses are credited,
9. how conditional bonuses are credited, and
10. any differences in the allocation of bonuses between policies with the right to transfer the value of a policy and policies without such a right.

**Section 35** If an occupational pension undertaking has a consolidation reserve or similar, for example collectively but not yet individually allocated conditional bonuses, the description in accordance with section 30, first paragraph, point 7 shall include the limits within which the consolidation level is normally permitted to vary (consolidation interval).

The description as per the first paragraph shall state the time frame within which a return to the interval should take place in the event of a departure from it.

**Section 36** The description referred to in Section 30, first paragraph, point 8 shall include how the deficit in one class of insurance or in various policies can be covered using the surplus from other classes or other policies, and how a liability such as this that arises between classes or policies shall be settled.

### **Actuarial calculation basis**

**Section 37** An occupational pension undertaking's documentation concerning its actuarial calculations shall contain information that, together with the institution's actuarial guidelines and other documentation pursuant to the Occupational Pension Undertakings Act (2019:742), is required in order for a person who has the knowledge and experience required to undertake the duties of the actuarial function but is neither employed by nor in an outsourcing relationship with the institution to be able to understand and reconstruct the actuarial calculations.

**Section 38** An occupational pension undertaking's documentation of its actuarial calculations shall, as a minimum, contain details of

1. the calculation formulae and methods that are used,
2. the calculation parameters that are included in the calculation formulae,
3. the statistical and economic models the institution uses when estimating calculation parameters,
4. any expert assessments that are applied, and
5. a history of amendments.

### **Policy document for activities that are outsourced**

**Section 39** An occupational pension undertaking's policy document for outsourced activities shall contain a description of the division of responsibility, objective,

processes and reporting procedures. The content of the policy document shall be consistent with the institution's overall business strategy.

#### *General guidelines*

The description of the occupational pension undertaking's processes should cover the period from an outsourcing agreement being entered into until such time as the agreement expires. The policy document should specifically state the policies for

1. how a contractor shall be selected,
2. how and how often the occupational pension undertaking shall assess the contractor's performance and results within the scope of continual monitoring, and
3. the institution's contingency plans, including the method for terminating an outsourcing agreement.

**Section 40** An occupational pension undertaking's policy document for activities that are outsourced shall contain a description of

1. the expected consequences of the activities being outsourced, and
2. the policies the institution has for continually monitoring the outsourced activities.

If an occupational pension undertaking is an institution referred to in section 2, instead of that which is set out in the first paragraph, the institution's policy document for activities that are outsourced shall contain a description of how the institution shall comply with the requirements that apply by virtue of Chapter 9, section 23, second paragraph of the Occupational Pension Undertakings Act (2019:742).

#### **Policy document for providing data to Finansinspektionen and quality control of these data.**

**Section 41** Chapter 9, section 4, first paragraph, point 6 of the Occupational Pension Undertakings Act (2019:742) contains provisions to the effect that an occupational pension undertaking shall prepare and comply with a policy document for providing data to Finansinspektionen and quality control of these data.

#### *General guidelines*

The occupational pension undertaking's policy document for providing data to Finansinspektionen and quality control of these data should contain

1. details of which functions shall be responsible for preparing and scrutinising the reports that shall be submitted to Finansinspektionen, and
2. details of the procedures and time frames that shall ensure that the reports in point 1 are prepared, scrutinised, approved and submitted on time and that the data in these reports is reliable, complete and standardised.

#### **Policy document for remuneration**

**Section 42** An occupational pension undertaking's policy document for remuneration shall contain a description of

1. the general principles that the institution shall apply to remuneration, and
2. the measures the institution shall put in place to avoid conflicts of interest.

The content shall

1. be consistent with the occupational pension undertaking's business, risk profile, objectives, long-term interests, financial stability and performance as a whole,
2. contribute to the institution being run in a sound and responsible manner and counter excessive risk-taking,
3. be consistent with sound and effective risk management, and
4. be consistent with the long-term interests of the insured persons and other beneficiaries.

**Section 43** An occupational pension undertaking shall disclose information about the content of its policy document for remuneration on its website.

### **Investment guidelines**

**Section 44** An occupational pension undertaking's investment guidelines shall contain a description of the aim of the guidelines.

**Section 45** An occupational pension undertaking's investment guidelines shall, in respect of its investment strategy, contain a description of

1. which assets the institution may invest in,
2. the institution's target rate of return and how the institution intends to achieve this target,
3. the desired level of risk in the institution's combined investment portfolio, and
4. where applicable, how the institution shall apply normal or benchmark portfolios.

**Section 46** An occupational pension undertaking's investment guidelines shall, in respect of information specified in Chapter 9, section 7, third paragraph, points 1 and 2 of the Occupational Pension Undertakings Act (2019:742), contain a description of what is set out in the institution's policy document for risk management with regard to

1. methods for measuring investment risks in accordance with section 20, points 4 and 5, and
2. introduced risk management processes in accordance with section 16.

**Section 47** An occupational pension undertaking's investment guidelines shall contain a description of how the institution manages liquidity risks.

**Section 48** An occupational pension undertaking shall, in respect of the distribution set out in Chapter 9, section 7, third paragraph, point 2 of the Occupational Pension Undertakings Act (2019:742), specify a breakdown by asset class and different markets.

### **Impact report**

**Section 49** An occupational pension undertaking's impact report in accordance with Chapter 9, section 7, second paragraph of the Occupational Pension Undertakings Act (2019:742) shall contain the following:

1. A description of the institution's assets and liabilities.

2. A quantification of the rate of return and risk that the institution's investment strategy is expected to result in and the calculations on which this quantification is based.
3. A description of the effects environmental factors, social factors and corporate governance factors are expected to have on the institution's assets and liabilities – if the institution has taken such factors into account when making investment decisions.
4. A description of the risk that the institution will not be able to fulfil its obligations.

### **Duties performed by the key functions**

#### *Duties performed by the risk management function*

**Section 50** Chapter 9, section 10, second paragraph of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning certain duties that the risk management function shall perform. In addition, the function shall ensure that

1. the internal assessment of external credit assessments pursuant to Chapter 9, section 17 of the Occupational Pension Undertakings Act is performed, and
2. the results of the internal assessment is taken into account when calculating technical provisions and the risk-based capital requirement.

#### *Duties performed by the compliance function*

**Section 51** Chapter 9, section 11 of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning certain duties that the compliance function shall perform. In addition, the function shall

1. assess whether the occupational pension undertaking's measures for preventing non-compliance are appropriate,
2. draw up and adhere to guidelines that describe the function's areas of responsibility, powers and reporting obligations, and
3. draw up a work plan that describes the function's planned activities taking into account all of the institution's relevant business areas and its exposure to the risk of non-compliance.

#### *Duties performed by the internal audit function*

**Section 52** Chapter 9, section 12, first paragraph of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning which duties the internal audit function shall perform. In addition, the function shall

1. apply a risk-based approach,
2. draw up and adhere to an audit plan that describes the audit procedures that shall be performed,
3. inform the board of directors about the audit plan,
4. issue recommendations based on the results of the activities that have been performed pursuant to the audit plan, and
5. when necessary, perform audit procedures that are not included in the audit plan.

*Duties performed by the actuarial function*

**Section 53** Chapter 9, section 13, first paragraph of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning which duties the actuarial function shall perform. In addition, the actuarial function shall

1. assess whether the methods and approaches that are used to calculate the technical provisions are suitable for the institution's business and the way in which the occupational pension undertaking is governed,
2. assess whether the IT system that is used to calculate the technical provisions provides sufficient support to the actuarial and statistical methods, and
3. perform the comparison with past experience pursuant to Chapter 4, section 10.

**Section 54** When coordinating the calculations of the technical provisions, the actuarial function shall

1. use methods and procedures to assess whether the technical provisions are sufficient and ensure that the calculation complies with the requirements in Chapter 5, sections 3–5 of the Occupational Pension Undertakings Act (2019:742),
2. assess the degree of uncertainty in the estimates that are made in order to calculate the technical provisions,
3. scrutinise relevant information from financial markets and publicly available data concerning underwriting risks and ensure that relevant information concerning underwriting risks has been taken into account when calculating the technical provisions,
4. compare and justify any material differences in the calculations of the technical provisions for different years,
5. ensure that any deficiencies in the data that are used to calculate the technical provisions are dealt with in an appropriate way,
6. ensure that the most appropriate approximations that apply by virtue of Chapter 4, section 9 of these regulations are used to calculate the technical provisions,
7. ensure that risk groups of insurance obligations are identified, taking into account underlying risks, and
8. ensure that options and guarantees included in insurance contracts are assessed correctly.

**Section 55** The information that the actuarial function shall submit to the board of directors and managing director concerning calculation of the technical provisions shall include an analysis of

1. the reliability and appropriateness of the calculations,
2. the assumptions on which the calculations are based, and
3. the degree of uncertainty in the calculations.

The analysis referred to in the first paragraph shall be supported by a sensitivity analysis that encompasses an investigation of how sensitive the technical provisions are to each material risk included in the obligations that are covered by the technical provisions.

If the actuarial function believes there are doubts as to whether the technical provisions are sufficient, the function shall report these doubts.

**Section 56** The actuarial function shall state its opinion on the occupational pension undertaking's policy document for risk management, as regards insurance risks.

This opinion shall contain conclusions concerning

1. whether the premiums that will be earned are sufficient to cover future expenses, especially taking into account underlying risks (including underwriting risks) and the effect of the options and guarantees that are included in insurance contracts,
2. the effect of inflation, legal risks and changes in the composition of the institution's insurance portfolio, and
3. whether a portfolio of insurance contracts gradually tends to attract or retain insured persons with a higher risk profile (adverse selection).

**Section 57** The actuarial function shall submit a written report to the board of directors and managing director at least once a year.

In this report, the actuarial function shall describe all activities the function has performed and the result of these. The actuarial function shall also address the deficiencies that have been identified and submit recommendations about how they should be rectified.

## **Risk management**

### *The system for risk management*

**Section 58** Chapter 9, section 15 of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning what the system for risk management shall encompass. In addition, the system shall contain a clearly defined method for the institution's decision-making process.

**Section 59** An occupational pension undertaking shall ensure that the institution's material risks are analysed and actively monitored.

**Section 60** Within the scope of its system for risk management, and when necessary, an occupational pension undertaking shall conduct stress tests and scenario analyses that take into account risks that are relevant to the institution.

### *Regular evaluations of the sensitivity of the technical provisions*

**Section 61** An occupational pension undertaking's regular evaluations of the sensitivity of the technical provisions shall encompass an assessment of the sensitivity to changes in the assumptions concerning

1. which financial instruments have been used as a basis for interpolations and extrapolation,
2. the levels of the long-term forward interest rate, and
3. how quickly the interest rates for long maturities approach the long-term forward interest rate.

### *Internal assessment of external credit assessments*

**Section 62** With regard to the institution's internal assessment of external credit assessments, an occupational pension undertaking shall document

1. how the internal assessment is conducted and the results of this, and
2. the extent to which the result of the internal assessment is taken into account when calculating the technical provisions and the risk-based capital requirement.



**Section 63** An occupational pension undertaking shall evaluate the internal assessment of external credit assessments when necessary, but at least once a year.

### **Own risk and solvency assessment**

**Section 64** In the documentation of its own risk and solvency assessment, an occupational pension undertaking shall state

- a) how it takes into account the own risk and solvency assessments in the institution's decision-making processes, and
- b) the measures the institution shall implement in order to correct deviations from the institution's risk tolerance limits, in those cases where the outcome of the own risk and solvency assessment indicates such deviations.

**Section 65** In the assessments an occupational pension undertaking shall perform pursuant to Chapter 9, section 20, second paragraph of the Occupational Pension Undertakings Act (2019:742), the institution shall take into account

- a) the effectiveness of the risk management system,
- b) the risks for insured persons and other beneficiaries with respect to payment of their pension benefits, including a description of the effectiveness of any corrective measures and, where applicable, taking into account indexation mechanisms,
- c) the mechanisms for protecting pension benefits, including, where applicable,
  - guarantees,
  - agreements or other types of financial support from the employer,
  - insurance or reinsurance from an undertaking that is subject to the Solvency II Directive,
  - coverage through a pension protection scheme for the benefit of the occupational pension undertaking or the insured persons or other beneficiaries, and
- d) environmental risks, social risks and corporate governance risks attributable to the investment portfolio and its management, if such risks are taken into account in the institution's investment decisions.

### *General guidelines*

The board of directors should participate actively in the own risk and solvency assessments by steering the process and questioning its conclusions.

**Section 66** If a material change referred to in Chapter 9, section 21 of the Occupational Pension Undertakings Act (2019:742) has taken place and the change only applies to a certain pension scheme, the occupational pension undertaking's new own risk and solvency assessments only needs to cover this pension scheme.

**Section 67** When assessing the institution's overall solvency needs, an occupational pension undertaking shall take into account

1. any future changes to the institution's risk profile due to the institution's business strategy and financial environment, including operational risks,
2. the size and quality of own funds items or other resources that are suitable for covering the risks that form the basis of the overall solvency needs,
3. the time periods that are relevant in order to take into account the risks the institution will meet in the long term,
4. rules for valuation and accounting that are appropriate for the institution's business and risk profile, and

5. the institution's internal control and risk management system and approved risk tolerance limits.

*General guidelines*

The occupational pension undertaking should, where applicable, conduct stress tests and scenario analyses of the institution's material risks as a basis on which to assess its overall solvency needs.

**Section 68** An occupational pension undertaking reporting of its own risk and solvency assessment to Finansinspektionen shall contain

1. the qualitative and quantitative results of its own risk and solvency assessment and the conclusions the institution has drawn from these results,
2. information about which methods and principal assumptions have been applied in the own risk and solvency assessment,
3. information about the institution's overall solvency needs and a comparison between these solvency needs, the statutory capital requirements and the institution's own funds,
4. qualitative information about the extent to which the institution's quantifiable risks are not being taken into account by the risk-based capital requirement.

If an occupational pension undertaking identified substantial discrepancies between the institution's quantifiable risks and the risks that are being taken into account when calculating the risk-based capital requirement, the reporting shall contain quantitative information about these discrepancies.

**Outsourcing**

**Section 69** An occupational pension undertaking that enters into an outsourcing agreement that is of material significance to the institution's occupational pension business shall choose contractors with care by ensuring that the contractor

1. has the knowledge, the capacity and the legal authorisations required in order to undertake the commission in a satisfactory manner,
2. has ensured that there is no explicit conflict of interest, or risk of a conflict of interest, that may lead to the contractor not being able to undertake the commission in an appropriate manner, and
3. is subject to the rules that apply to the occupational pension undertaking in respect of information security for the institution and its insured persons and other beneficiaries.

*General guidelines*

The occupational pension undertaking should assess and document an outsourcing agreement that is of material significance to its occupational pension business. The institution should base the assessment on whether the activity or function that is outsourced is required for the institution's occupational pension business and whether the institution would not, without this activity or function, be able to provide services to policyholders, insured persons or other beneficiaries.

**Section 70** An occupational pension undertaking that enters into an outsourcing agreement that is of material significance to the institution's occupational pension business shall ensure that the outsourcing agreement states the following:

1. The contractor shall undertake to comply with the rules that are applicable to the commission.
2. The contractor shall undertake to comply with the policy documents that the occupational pension undertaking has adopted and are relevant to the commission.
3. The contractor shall undertake to cooperate with Finansinspektionen as regards the outsourced activity or functions.
4. The contractor shall provide information about all events that may result in them no longer being able to undertake the commission and in accordance with applicable laws and regulations.
5. The notice period shall be of a sufficient length to allow the occupational pension undertaking to fund an alternative solution if the contractor wishes to terminate the agreement.
6. The occupational pension undertaking shall, when necessary, terminate the outsourcing agreement without this encroaching on the potential for policyholders, insured persons or other beneficiaries to receive satisfactory and continuing service.
7. The occupational pension undertaking shall be entitled to receive information from the contractor about the outsourced activity or functions and its results.
8. The occupational pension undertaking shall be entitled to issue general guidance and individual instructions to the contractor about what must be taken into account when performing the outsourced activity or functions.
9. The contractor shall protect all confidential data concerning the occupational pension undertaking and all persons that the occupational pension undertaking has data concerning.
10. The occupational pension undertaking, its auditors and Finansinspektionen shall be given access to data concerning the outsourced activity or functions.
11. Finansinspektionen, the occupational pension undertaking and its auditors shall be given actual access to the contractor's premises.
12. Finansinspektionen shall, when required for supervision, be able to question the contractor directly, and the contractor shall answer the questions.
13. The terms and conditions that apply to the contractor's ability to subcontract the outsourced activity or functions.
14. The contractor's obligations and responsibilities in accordance with the agreement shall not be affected by the fact that the contractor is using a subcontractor.

**Section 71** An occupational pension undertaking that enters into an outsourcing agreement that is of material significance to the institution's occupational pension business shall continually monitor the outsourced activity by

1. ensuring that the contractor's risk-management and internal-control system is appropriate in relation to the requirements that apply by virtue of Chapter 9, section 24, first paragraph, points 1 and 2 of the Occupational Pension Undertakings Act (2019:742),
2. take into account the outsourced activities and functions in its own risk-management and internal-control system in an appropriate way in relation to the requirements that apply by virtue of Chapter 9, section 24, first paragraph, points 1 and 2 of the Occupational Pension Undertakings Act,
3. check that the contractor has the economic resources required in order to undertake the commission,
4. check that the people who undertake the commission have the insight and experience required,
5. ensure that the contractor has appropriate contingency plans for dealing with emergency situations or disruptions to the outsourced activities and functions, and
6. ensure that, when necessary, the contractor regularly tests the systems for backup in the outsourced activities and functions.

## **Chapter 9 Fit and proper assessment**

### **Fit and proper assessment of management and persons responsible for key functions**

**Section 1** When applying for authorisation in accordance with Chapter 2, section 4 or 5 of the Occupational Pension Undertakings Act (2019:742), an institution shall submit in writing the information set out in *Appendix 2a* and *Appendix 2b*. The information set out in *Appendix 2a* shall be provided for those persons who are referred to in Chapter 2, section 4, second paragraph, point 2 of the Occupational Pension Undertakings Act.

In conjunction with a notification referred to in Chapter 9, section 3, second paragraph of the Occupational Pension Undertakings Act, an occupational pension undertaking shall submit in writing the information set out in *Appendix 2a* and, where applicable, *Appendix 2b*.

### **Fit and proper assessment of qualifying owners**

**Section 2** An institution and its owners shall submit the information set out in sections 3–7 to Finansinspektionen in writing.

#### *Application for authorisation to acquire shares*

**Section 3** When applying for authorisation to acquire shares or participations in an occupational pension undertaking, a natural or legal person shall submit in writing the information set out in *Appendix 1a* or *Appendix 1b*.

*Application for authorisation to conduct occupational pension business*

**Section 4** The information set out in section 2 of Appendix 1a shall be appended to an application for authorisation to conduct occupational pension business for a natural person that has a qualifying holding of shares or participations in the institution. If the owner is a legal person, the information set out in section 2 of Appendix 1b shall be appended to the application.

The information set out in *Appendix 1c* for a director, alternate director, managing director and their deputies in an undertaking that has a qualifying holding shall be appended to an application for authorisation to conduct business.

*Simplified application for a legal person subject to financial supervision*

**Section 5** A legal person that is subject to supervision by Finansinspektionen or a competent authority within the EEA does not need to submit the information set out in sections 2.4.2 and 2.9 of Appendix 1b, unless Finansinspektionen requests this.

*Simplified application for a legal or natural person that is a qualifying owner or is part of a financial undertaking's management or board of directors*

**Section 6** A legal or natural person that is a qualifying owner or is part of a financial undertaking's management or board of directors, and who has previously been subjected to ownership assessment or management assessment by Finansinspektionen or a competent authority within the EEA does not need to submit the information set out in sections 2.4.2 and 2.9 of Appendix 1b and sections 2.3, 2.11.1, 2.11.2 and 2.11.3 of Appendix 1a, unless Finansinspektionen requests this.

If an assessment has been performed by another competent authority within the EEA, the legal or natural person shall enclose a document that proves this.

*Change in the management of an undertaking that has a qualifying holding in an occupational pension undertaking*

**Section 7** A notification concerning a change in the management of an undertaking that has a qualifying holding in an occupational pension undertaking shall contain the information set out in Appendix 1c.

**Exemptions from information requirements**

**Section 8** Finansinspektionen is able to grant exemptions from the requirement to provide certain information that is set out in Appendixes 1a–1c and Appendix 2a and Appendix 2b.

**Chapter 10 Transfer of insurance portfolios**

**Section 1** An occupational pension undertaking shall make an agreement concerning the transfer of an insurance portfolio to a foreign institution for occupational retirement provision available to those who, in accordance with Chapter 11, section 13, first paragraph of the Occupational Pension Undertakings Act (2019:742), shall decide on whether the transfer shall be approved. The agreement shall be made available at least one month before an approval is obtained. An approval shall be in writing.

## **Chapter 11 Action plan and financial recovery plan**

**Section 1 §** Chapter 15 of the Occupational Pension Undertakings Act (2019:742) contains provisions concerning action plans and financial recovery plans.

### **The content of an action plan and a financial recovery plan**

**Section 2** An occupational pension undertaking's action plan and financial recovery plan shall contain details of the institution's financial position at the time the plan was drawn up and a description of the measures that the institution intends to implement in order to comply with the capital requirements once again.

If the institution intends to utilise a right to levy contributions or guarantees from employers, documents that prove this shall be enclosed.

**Section 3** An action plan and a financial recovery plan shall contain details, valid at the time the plan was drawn up, of

1. operating expenses, especially with regard to acquisition costs and administration expenses,
2. written premiums and claims incurred, with an itemisation of reinsurance cessions,
3. balance sheet,
4. own funds in accordance with Chapter 7 of the Occupational Pension Undertakings Act (2019:742),
5. risk-based capital requirement, and
6. Minimum Capital Requirement.

**Section 4** An occupational pension undertaking shall append to an action plan and a financial recovery plan

1. the details listed in the institution's register of assets covering technical provisions at the time the plan was drawn up, and
2. forecasts for assets covering technical provisions that show how the measures the occupational pension undertaking intends to implement affect the priority rights of insured persons and other beneficiaries.

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These regulations and general guidelines shall enter into force on 1 January 2020.

ERIK THEDÉEN

Leonard Weber Landgren

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Appendix 1a. Application for ownership assessment – natural person

Appendix 1b. Application for ownership assessment – legal person

Appendix 1c. Application/notification for executives of a company that owns an occupational pension undertaking

Appendix 2a. Application/notification – fit and proper assessment of executives and persons responsible for key functions

Appendix 2b. Application/notification – combined competence of the board of directors

*Appendix 1 a*

## **Application for ownership assessment – natural person**

Fill in the information in the form below by marking a pertinent response box or providing an answer in the indicated place. More detailed responses can be provided in separate appendixes. Refer to the checklist for appendixes on the last page of the form.

*Acquisition* means

- acquisition in accordance with Chapter 15, section 1 of the Insurance Business Act (2010:2043), compared with Chapter 12, section 1 of the Occupational Pension Undertakings Act (2019:742), or
- ownership of the undertaking that is applying for authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act.

*Target company* means the undertaking that is applying for authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act or the undertaking being acquired.

*Acquirer* means the physical owner of the undertaking that is applying for authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act or is applying for authorisation to acquire a target company in accordance with Chapter 15, section 1 of the Insurance Business Act, compared with Chapter 12, section 1 of the Occupational Pension Undertakings Act.

In conjunction with the ownership assessment, Finansinspektionen obtains data from, for example, the Swedish Police Authority, the Swedish Companies Registration Office, the Swedish Tax Agency, the Swedish Enforcement Authority and undertakings that offer credit checks.

## **1 General**

### **1.1 Basic information**

1. Refers to the assessment

- authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act (2019:742), or
- authorisation of acquisition in accordance with Chapter 15, section 1 of the Insurance Business Act (2010:43), compared with Chapter 12, section 1 of the Occupational Pension Undertakings Act.

2. State the acquirer's name and personal identity number or equivalent

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3. State the target company's name and organisation registration number

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4. Are there further companies subject to Finansinspektionen's supervision that are affected by the acquisition?

Yes

No

If yes, which undertaking(s), including organisation registration number?

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## 1.2 Contact details

Whom should Finansinspektionen contact about this assessment?

First name:	
Surname:	
Title:	
Name of the undertaking:	
Address:	
Telephone number:	
Email:	

## 2 Information about the acquirer

### 2.1 Personal information

*If you are registered in Sweden – fill in the following information*

First name:	
Surname:	
Personal identification number:	
Home address:	
Telephone number:	

*If you are not registered in Sweden – fill in the following information and enclose a certified copy of an identity document*

First name:	
Surname:	
Personal identity number or equivalent:	
Date of birth:	
Place of birth:	
Home address:	



Telephone number:	
Nationality:	
Passport number:	
Previous nationality (if any):	
Previous name (if any):	

## 2.2 Exemptions from submitting certain information

Are you applying for an exemption from submitting certain information pursuant to Chapter 9, section 8 of these regulations?

Yes

No

If yes, please describe the circumstances of this.

## 2.3 CV

Enclose a CV that contains relevant information about your education, work experience and other assignments. In terms of education, state the type of education (e.g. university or education company), field of education (e.g. financial analysis), time period, scope and educational institution. With regard to professional experience, you shall state which undertaking is being referred to, the undertaking's business, your position, duties and time period.

## 2.4 Financial circumstances

Report

- your income from the previous and current calendar year (including the source of the income),
- your current assets and liabilities, as well as guarantee commitments, guarantees provided and other obligations, and
- any additional factors that affect your financial circumstances.

## 2.5 Describe the chain of ownership

Enclose a description or outline of the chain of ownership before and after the acquisition.

Holdings shall be stated as a percentage of the issued shares. If the number of votes differs from that of shares, also state the number of votes as a percentage of total votes.

Also report the owners that in any other way have a significant influence over the undertaking being acquired, *the target company*. State the business and registered office for all undertakings in the chain of ownership. Also specify the undertakings that are subject to supervision by Finansinspektionen or an equivalent foreign authority.

## 2.6 Board and management assignments

State all undertakings where you are a director, managing director or deputy managing director.

Undertaking (including organisation registration number)	Type of business	Registered office	Position on board and role

## 2.7 Ownership involving control

State the undertakings in which your ownership signifies control. The definition of control is set out in section 4.

Undertaking (including organisation registration number)	Type of business	Registered office	Holding in per cent

## 2.8 Close relative with shares

1. Do you have a close relative who owns shares in the target company or in another undertaking that in turn owns shares in the target company?

*Close relative* means a spouse, registered partner, cohabitee, child, parent or other relative with whom you share a household.

Yes

No

2. Are there other financial relationships between your close relatives?

Yes

No

3. If you have answered yes to any of the questions under 1 and 2, please describe the circumstances.

### 2.9 Common interests

Do you have any form of common interest with one or more of the following persons that may have an influence on the target company?

- Another shareholder.
- Another party entitled to vote.
- Another person or undertaking that, although not a shareholder, has the ability to exercise equivalent influence over the target company.
- A managing director, their deputy or a director.

A *common interest* that may have an influence means, for example, a shareholders' agreement or other contract or agreement concerning common action.

Yes

No

If yes, please describe this:

### 2.10 Conflicts of interest

Do any conflicts of interest arise through the acquisition?

Yes No

If yes, describe the conflicts of interest and how these will be managed:

## 2.11 Reputation of the acquirer

1. Have you

a) in the past ten years, been convicted by a Swedish or foreign court, or formally been charged as a suspect in an ongoing investigation, for a financial crime for which imprisonment is included in the range of punishments?

 Yes No

b) in the past ten years, been sentenced to imprisonment by a Swedish or foreign court for a crime other than that specified in a)?

 Yes No

c) in the past five years, been a director or managing director or deputy managing director of a commercial undertaking where the board of directors was not discharged from liability?

 Yes No

d) in the past five years, been dismissed from employment at a financial undertaking, employment as an officer of the company, or from an appointment as director or auditor of another commercial undertaking?

 Yes No

2. To the best of your knowledge, have you or any undertaking in which you are or have been an officer of the company or a director – or have or have had control of –

a) in the past five years, been (or still are/is) party to arbitration proceedings, civil legal proceedings or administrative proceedings concerning tax or business activities?

 Yes No

b) in the past five years, been (or still are/is) subject to debt restructuring, composition or company reconstruction, or been declared bankrupt or subject to an equivalent process in another country?

Yes

No

c) been subject to an intervention (for example an administrative fine, injunction to take action, a remark, warning or withdrawal of authorisation) by a supervisory authority in Sweden or another country?

Yes

No

d) in the past ten years, either in Sweden or another country, had an application rejected, been excluded from conducting business or in some other way had restrictions placed on your right to conduct business or a profession that requires authorisation, registration or similar?

Yes

No

e) in the past ten years, been the subject of a fit and proper assessment by a foreign competent authority?

Yes

No

If yes, enclose a copy of the decision by the foreign authority.

3. If you have answered yes to any of the questions under 1 and 2, please describe the circumstances of this:

### 3 Information about the acquisition

#### 3.1 Size of the acquisition

State the size of the holding you intend to acquire in the target company. The number of shares shall be stated as a percentage of the total number of shares issued. State the number of shares before and after the acquisition (direct and indirect). If the number of votes differs from the number of shares, also state the number of votes as a percentage of the total number of votes.

#### 3.2 Acquisition date

State the expected acquisition date.

#### 3.3 Purpose of the acquisition

State the purpose of the acquisition. Do not answer this question if this information appears in 4.1.1a.

#### 3.4 Financing the acquisition

1. State how you intend to finance the acquisition. Describe the background of all financing items (whether monetary or other type of assets), value, to whom they belong and in which jurisdiction they are located. Enclose documentation that corroborates this.

2. State whether you are cooperating with a natural or legal person with regard to financing the acquisition.

Yes

No

If yes, please describe the circumstances:

#### **4 Business plan and detailed information about the acquisition**

Provide information about the acquisition in accordance with one of the following options:

– When ownership signifies control, cf. Chapter 1, section 4 of the Annual Accounts Act (1995:1554) (4.1).

– When ownership does not signify control, but amounts to 20 per cent or more and when ownership is qualifying but below 20 per cent (4.2).

If Finansinspektionen requires additional information to assess whether the acquirer is fit and proper, it can also request the information set out in section 4.1, below.

##### **4.1 Information when ownership signifies control**

An acquirer has control of the target company if the acquirer directly or indirectly gains the majority of the votes or shares. Furthermore, an acquirer has control of the target company if the acquirer is a shareholder and

– is entitled to appoint or dismiss a majority of the directors of the target company, or

– through agreements with other owners of the target company, commands more than half of the votes for all shares or participations.

##### *Business plan*

If your ownership signifies control, append a scheme of operations that includes the following:

1. A *strategic development plan* with a description of

a) the purpose and objective of the acquisition and how these will be achieved,

b) planned changes to the business of the target company, e.g. products, customers and any reallocation of assets,

c) planned integration of the target company with the acquirer's group, if any, and



d) information about the acquirer's intentions and ability to inject capital into the target company if needed.

2. *Forecasts* for the target company for the next three years.

The following information shall be provided in a forecast:

a) balance sheet and income statement,

b) important key ratios, and

c) a solvency calculation.

3. A *description* of how the acquisition will affect governance and organisation of the target company. In particular, state whether the acquisition will affect

a) the composition of the board of directors and management,

b) the organisation's operational structure (enclose an organisational chart), and

c) outsourcing.

#### **4.2 Information when ownership is qualifying but does not signify control**

If the acquisition involves ownership being qualifying but does not involve control of the target company being achieved, the following information shall be enclosed:

1. information about whether the acquirer intends to increase or decrease its holding in the target company within the foreseeable future, and

2. information about whether the acquirer intends to actively attempt to exercise influence over the undertaking (in which case, state the circumstances of this).

### **5 Disclosures**

Provide any additional disclosures to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

Date:

.....  
Signature

.....  
Name in print

### Checklist – documents that must be enclosed with an application for ownership assessment for a natural person

The following documents shall be enclosed:	Enclosed	If not enclosed, state the reason
If you are not registered in Sweden: a certified copy of an identification document in accordance with section 2.1.		
A CV in accordance with section 2.3.		
A description or outline of the entire chain of ownership, before and after the acquisition in accordance with section 2.5.		
If you have been subject to a fit and proper assessment by a foreign competent authority in the past ten years: a copy of the decision by the foreign authority, in accordance with point 2e of section 2.11.		
Documentation that verifies the financing of the acquisition in accordance with section 3.4.		
A business plan and information in accordance with sections 4.1 and 4.2.		

*Appendix 1b***Application for ownership assessment – legal person**

Fill in the information in the form below by marking a pertinent response box or providing an answer in the indicated place. More detailed responses can be provided in separate appendixes. Refer to the checklist for appendixes on the last page of the form.

*Acquisition means*

- acquisition in accordance with Chapter 15, section 1 of the Insurance Business Act (2010:2043), compared with Chapter 12, section 1 of the Occupational Pension Undertakings Act (2019:742), or
- ownership of the undertaking that is applying for authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act.

*Target company* means the undertaking that is applying for authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act or the undertaking being acquired.

*Acquirer* means the physical owner of the undertaking that is applying for authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act or is applying for authorisation to acquire a target company in accordance with Chapter 15, section 1 of the Insurance Business Act, compared with Chapter 12, section 1 of the Occupational Pension Undertakings Act.

In conjunction with the ownership assessment, Finansinspektionen obtains data from, for example, the Swedish Police Authority, the Swedish Companies Registration Office, the Swedish Tax Agency, the Swedish Enforcement Authority and undertakings that offer credit checks.

**1 General****1.1 Basic information**

## 1. Refers to the assessment

- authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act (2019:742), or
- authorisation of acquisition in accordance with Chapter 15, section 1 of the Insurance Business Act (2010:43), compared with Chapter 12, section 1 of the Occupational Pension Undertakings Act.

## 2. State the acquirer's name and personal identity number or equivalent

---

## 3. State the target company's name and organisation registration number

---

4. Are there further companies subject to Finansinspektionen's supervision that are affected by the acquisition?

Yes

No

If yes, which undertaking(s), including organisation registration number?

## 1.2 Contact details

Whom should Finansinspektionen contact about this assessment?

First name:	
Surname:	
Title:	
Name of the undertaking:	
Address:	
Telephone number:	
Email:	

## 2 Information about the acquirer

### 2.1 Information about the undertaking

Name of the undertaking:	
Organisation registration number or equivalent:	
Address:	
Telephone number:	
The undertaking's business:	

### 2.2 Certificate of registration

Enclose a certificate of registration that is no more than two months old.

### 2.3 Financial circumstances

1. Provide information about the financial circumstances in accordance with one of the following three options:

- a) Enclose the most recently adopted annual report, if there is one.
- b) If there is no adopted annual report, enclose the balance sheet and income statement for the past year.
- c) If there is no balance sheet and income statement for the past year, enclose a proforma balance sheet and income statement for the next three years.

2. If there is a credit rating, enclose this.

## 2.4 Directors and executives

1. State the names of directors, alternate directors, the managing director and their deputy.

Name	Personal identity number (or date of birth)	Position or role

2. All the persons listed above shall fill in and sign Appendix 1c.

## 2.5 Describe the chain of ownership

Enclose a description or outline of the chain of ownership before and after the acquisition.

Holdings shall be stated as a percentage of the issued shares. If the number of votes differs from that of shares, also state the number of votes as a percentage of total votes.

Also report the owners that in any other way have a significant influence over the undertaking being acquired, *the target company*. State the business and registered office for all undertakings in the chain of ownership. Also specify the undertakings that are subject to supervision by Finansinspektionen or an equivalent foreign authority.

## 2.6 Describe any groups

Enclose a description or outline of any group, in accordance with the definition in Chapter 16, Section 1 of the Occupational Pension Undertakings Act (2019:742), after the acquisition.

The number of shares shall be stated as a percentage of the total number of shares issued. If the number of votes differs from the number of shares, also state the number of votes as a percentage of the total number of votes.

Also list owners who in any other way have significant influence over the target company. Also specify the undertakings that are subject to supervision by Finansinspektionen or an equivalent foreign authority.

For each undertaking that is part of such a group, state whether it is

- an undertaking referred to in Chapter 16, section 2, point 3b of the Occupational Pension Undertakings Act,
- an insurance holding company,

- a mixed financial holding company,
- subject to supervision by Finansinspektionen or an equivalent foreign authority, or
- not subject to such financial supervision.

## 2.7 Common interests

Do you have any form of common interest with one or more of the following persons that may have an influence on the target company?

- Another shareholder.
- Another party entitled to vote.
- Another person or another undertaking that, although not a shareholder, has the potential to exercise equivalent influence over the target company.
- A managing director, their deputy or a director.

A *common interest* that may have an influence means, for example, a shareholders' agreement or other contract or agreement concerning common action.

Yes

No

If yes, please describe this:

## 2.8 Conflicts of interest

Do any conflicts of interest arise through the acquisition?

Yes

No

If yes, describe the conflicts of interest and how these will be managed:

## 2.9 Reputation of the acquirer

1. State whether the undertaking has

a) in the past five years, been (or still is) party to arbitration proceedings, civil legal proceedings, or administrative proceedings concerning tax or business activities?

Yes

No

b) in the past five years, been (or still is) subject to composition or company reconstruction, or been declared bankrupt or been subject to an equivalent process in another country?

Yes

No

c) been subject to an intervention (for example an administrative fine, injunction to take action, a remark, warning or withdrawal of authorisation) by a supervisory authority in Sweden or another country?

Yes

No

d) in the past ten years, either in Sweden or in another country, had an application rejected, been excluded from conducting business or in another way had restrictions placed on its right to conduct business that requires authorisation, registration or similar?

Yes

No

e) in the past ten years, been subject to a fit and proper assessment by a foreign competent authority?

Yes

No

If yes, enclose a copy of the decision by the foreign authority.

2. If you have answered yes to any of the questions under 1, please describe the circumstances of this:



### 3 Information about the acquisition

#### 3.1 Size of the acquisition

State the size of the holding the undertaking intends to acquire in the target company. The number of shares shall be stated as a percentage of the total number of shares issued. State the number of shares before and after the acquisition (direct and indirect). If the number of votes differs from the number of shares, also state the number of votes as a percentage of the total number of votes.

#### 3.2 Acquisition date

State the expected acquisition date.

#### 3.3 Purpose of the acquisition

State the purpose of the acquisition. Do not answer this question if this information appears in 4.1.1a.

#### 3.4 Financing the acquisition

1. State how the undertaking intends to finance the acquisition. Describe the background of all financing items (whether monetary or other type of assets), value, to whom they belong and in which jurisdiction they are located. Enclose documentation that corroborates this.

2. State whether there is any cooperation with a natural or legal person with regard to financing the acquisition?

Yes No

If yes, please describe the circumstances:

#### **4 Business plan and detailed information about the acquisition**

Provide information on the acquisition according to one of the following three options:

- when ownership signifies control, cf. Chapter 1, section 4 of the Annual Accounts Act (1995:1554)(4.1),
- when ownership does not signify control, but totals 20 per cent or more (4.2), or
- when ownership is qualifying but below 20 per cent (4.3).

If Finansinspektionen requires additional information to assess whether the acquirer is fit and proper, it can also request the information set out in section 4.1 or 4.2, below.

##### **4.1 Information when ownership signifies control**

An acquirer has control of the target company if the acquirer directly or indirectly gains the majority of the votes or shares. Furthermore, an acquirer has control of the target company if the acquirer is a shareholder and

- is entitled to appoint or dismiss a majority of the members of the target company's administrative, management or supervisory body, or
- through agreements with other owners of the target company, commands more than half of the votes for all shares or participations.

##### *Business plan*

If the undertaking's ownership signifies control, enclose a business plan containing the following:

1. A *strategic development plan* with a description of
  - a) the purpose and objective of the acquisition and how these will be achieved,
  - b) planned changes to the business of the target company, e.g. products, customers and any reallocation of assets,
  - c) planned integration of the target company with the acquiring undertaking's group, and

d) information about the acquirer's intentions and ability to inject capital into the target company if needed.

2. A *solvency calculation* at the time of acquisition or using the most recently adopted figures from before the acquisition if the acquisition involves the target company and the acquirer together becoming part of a group in accordance with the definition in Chapter 16 of the Occupational Pension Undertakings Act (2019:742).

3. An itemised list of material risk concentrations and large exposures the acquirer has at the time of acquisition, if the acquirer is a financial undertaking.

4. *Forecasts* for the target company for the next three years. If the acquisition involves the target company and the acquirer together becoming part of a group in accordance with the definition in Chapter 16 of the Occupational Pension Undertakings Act, forecasts shall also be submitted for the group.

The following information shall be provided in a forecast:

a) balance sheet and income statement,

b) important key ratios, and

c) a solvency calculation.

5. A description of how the acquisition will affect governance and organisation of the target company. In particular, state whether the acquisition will affect

a) the composition of the board of directors and company management,

b) the organisation's operational structure (append an organisational diagram), and

c) outsourcing.

#### **4.2 Information when ownership does not signify control, but amounts to 20 per cent or more**

If the acquisition does not involve control of the target company being achieved, but the holding amounts to 20 per cent or more, the following information about the acquisition shall be enclosed:

1. information about whether the acquirer intends to increase or decrease its holding in the target company within the foreseeable future,

2. information about whether the acquirer intends to actively attempt to exercise influence over the undertaking (in which case, state the circumstances of this),

3. a solvency calculation at the time of acquisition or using the most recently adopted figures from before the acquisition if the acquisition involves the target company and the acquirer together becoming part of a group in accordance with the definition in Chapter 16 of the Occupational Pension Undertakings Act (2019:742), and

4. an itemised list of material risk concentrations and large exposures the acquirer has at the time of acquisition, if the acquirer is a financial undertaking.

### 4.3 Information when ownership is qualifying but below 20 per cent

If the acquisition involves ownership amounting to less than 20 per cent but is still a qualifying holding, the following information about the acquisition shall be enclosed:

1. information about whether the acquirer intends to increase or decrease its holding in the target company within the foreseeable future, and
2. information about whether the acquirer intends to actively attempt to exercise influence over the undertaking (in which case, state the circumstances of this).

## 5 Disclosures

Provide any additional disclosures to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

Date:

.....  
Signature

.....  
Name in print

## Checklist – documents that must be appended to an application for ownership assessment for legal persons

The following documents shall be enclosed:	Enclosed	If not enclosed, state the reason
A certificate of registration that is at the most two months old in accordance with section 2.2.		
An adopted annual report or equivalent for the last financial year in accordance with section 2.3.		
A credit rating in accordance with section 2.3.		
Appendix 1c for all persons listed in section 2.4.		
A description or outline of the entire chain of ownership, before and after the acquisition in accordance with section 2.5.		
A description of any group in accordance with section 2.6.		
Documentation that verifies the financing of the acquisition in accordance with section 3.4.		
A business plan and information in accordance with sections 4.1–4.3.		

*Appendix 1c***Application/notification for executives of a company that owns an occupational pension undertaking**

Fill in the information in the form below by marking a pertinent response box or providing an answer in the indicated place. More detailed responses can be provided in separate appendixes. Refer to the checklist for appendixes on the last page of the form.

*Target company* means the undertaking that is applying for authorisation to conduct occupational pension business in accordance with Chapter 2, section 1 of the Occupational Pension Undertakings Act (2019:742) or the undertaking being acquired.

In conjunction with the assessment, Finansinspektionen obtains data from, for example, the Swedish Police Authority, the Swedish Companies Registration Office, the Swedish Tax Agency, the Swedish Enforcement Authority and undertakings that offer credit checks.

**1 General****1.1 Basic information**

1. State the target company's name and organisation registration number

---

2. State the owner undertaking that you shall be assessed in as a director, managing director or their deputy (including organisation registration number)

---

3. Does the owner undertaking own other undertakings that are subject to Finansinspektionen's supervision?

Yes

No

If yes, state which undertaking(s) (including organisation registration number)

---

**1.2 Contact details**

Whom should Finansinspektionen contact about this assessment?

First name:	
Surname:	
Title:	
Name of the undertaking:	
Address:	
Telephone number:	
Email:	

### 1.3 Position or role

To which position or role at the owner undertaking does this assessment apply?

- chair of the board
- director
- alternate director
- managing director
- deputy managing director

Does the assessment apply to an employee representative?

Yes

No

## 2 Information

### 2.1 Personal information about the executive being assessed

*If you are registered in Sweden – fill in the following information*

First name:	
Surname:	
Personal identification number:	
Home address:	
Telephone number:	

*If you are not registered in Sweden – fill in the following information and enclose a certified copy of an identity document*

First name:	
Surname:	
Personal identity number or equivalent:	
Date of birth:	
Place of birth:	
Home address:	
Telephone number:	
Nationality:	
Passport number:	
Previous nationalities (if any):	
Previous name (if any):	

## 2.2 CV

Enclose a CV that contains relevant information about your education, work experience and other assignments. In terms of education, state the type of education (e.g. university or education company), field of education (e.g. financial analysis), time period, scope and educational institution. With regard to professional experience, you shall state which undertaking is being referred to, the undertaking's business, your position, duties and time period.

## 2.3 Reputation of the executive

1. Have you

a) in the past ten years, been convicted by a Swedish or foreign court, or formally been charged as a suspect in an ongoing investigation, for a financial crime for which imprisonment is included in the range of punishments?

Yes

No

b) during the past ten years been sentenced to imprisonment by a Swedish or foreign court for a crime other than that specified in 1 a)?

Yes

No

c) in the past five years, been a director or managing director or deputy managing director of a commercial undertaking where the board of directors was not discharged from liability?

Yes

No

d) in the past five years, been dismissed from employment at a financial undertaking, employment as an officer of the company, or from an appointment as director or auditor of another commercial undertaking?

Yes

No

2. To the best of your knowledge, have you or any undertaking in which you are or have been an officer of the company or a director – or have or have had control of –

a) in the past five years, been (or still are/is) party to arbitration proceedings, civil legal proceedings or administrative proceedings concerning tax or business activities?

Yes

No



b) in the past five years, been (or still are/is) subject to debt restructuring, composition or company reconstruction, or been declared bankrupt or subject to an equivalent process in another country?

Yes

No

c) been subject to an intervention (for example an administrative fine, injunction to take action, a remark, warning or withdrawal of authorisation) by a supervisory authority in Sweden or another country?

Yes

No

d) in the past ten years, in Sweden or another country, had an application rejected, been excluded from conducting business or in some other way had restrictions placed on your/its right to conduct business or a profession that requires authorisation, registration or similar?

Yes

No

e) in the past ten years, been the subject of a fit and proper assessment by a foreign competent authority?

Yes

No

If yes, enclose a copy of the decision by the foreign authority.

3. If you have answered yes to any of the questions under 1 and 2, please describe the circumstances of this.

### 3 Disclosures

Provide any additional disclosures to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

Date:

.....  
Signature

.....  
Name in print

**Checklist – documents that shall be enclosed**

<b>The following documents shall be enclosed:</b>	<b>Enclosed</b>	<b>If not enclosed, state the reason</b>
If you are not registered in Sweden: a certified copy of an identification document in accordance with section 2.1.		
A CV in accordance with section 2.2.		
If you have been subject to a fit and proper assessment by a foreign competent authority in the past ten years: a copy of the decision by the foreign authority, in accordance with point 2e of section 2.3.		

*Appendix 2 a***Application/notification – fit and proper assessment of executives and persons responsible for key functions**

Fill in the information in the form below by marking a pertinent response box or providing an answer in the indicated place. More detailed responses can be provided in separate appendixes. Refer to the checklist for appendixes on the last page of the form.

As a part of the fit and proper assessment, Finansinspektionen collects information from, for example, the Swedish Police, the Swedish Companies Registration Office, the Swedish Tax Agency, the Swedish Enforcement Authority and undertakings that provide credit assessments.

**1 General****1.1 Basic information**

State the name of the undertaking to be assessed (including organisation registration number)

---

**1.2 Contact details**

Whom should Finansinspektionen contact about this assessment?

First name:	
Surname:	
Title:	
Company:	
Address:	
Telephone number:	
Email:	

**1.3 Position or role**

To which position or role at the undertaking does this assessment apply?

- chair of the board
- director
- alternate director
- managing director
- deputy managing director
- person responsible for the risk management function
- person responsible for the compliance function
- person responsible for the internal audit function\*

person responsible for the actuarial function\*\*

\* The person responsible for the internal audit function shall also fulfil the specific conditions concerning competency set out in Chapter 8, sections 14–15 of these regulations.

\*\* The person responsible for the actuarial function shall also fulfil the specific conditions concerning competency set out in Chapter 8, sections 7–13 of these regulations.

Does the assessment apply to an employee representative?

Yes

No

If the assessment applies to responsibility for one or more key functions, are the duties performed by the key function(s) outsourced?

Yes

No

State whether you have already been subject to a fit and proper assessment by Finansinspektionen for another position/role in the present undertaking in question.

Yes

No

If you have answered yes, state the position/role.

--

## 2 Information about the person subject to fit and proper assessment

### 2.1 Personal information

*If you are registered in Sweden – fill in the following information*

First name:	
Surname:	
Personal identification number:	
Home address:	
Telephone number:	

*If you are not registered in Sweden – fill in the following information and enclose a certified copy of an identity document*

First name:	
Surname:	
Personal identity number or equivalent:	
Date of birth:	
Place of birth:	
Home address:	
Telephone number:	
Nationality:	
Passport number:	
Previous nationalities (if any):	
Previous name (if any):	

## **2.2 Employment or appointment within management and persons responsible for key functions:**

State whether you are an employee or have a standing office, e.g. if you are appointed as managing director, director or person responsible for a key function (also state positions that refer to the undertaking to which the assessment applies). Also state if you have more than one role in the same undertaking.

<b>Undertaking</b> (including organisation registration number)	<b>Type of business</b>	<b>Registered office</b>	<b>Position</b>

## **2.3 CV**

Enclose a CV that contains relevant information about your education, work experience and other assignments. In terms of education, state the type of education (e.g. university or education company), field of education (e.g. financial analysis), time period, scope and educational institution. With regard to professional experience, you shall state which undertaking is being referred to, the undertaking's business, your position, duties and time period.

## 2.4 Qualifying ownership

1. State whether you either directly or indirectly have a qualifying holding in the undertaking that is subject to fit and proper assessment or in any other way have a significant influence:

--

2. Specify any other undertakings in which you hold a direct or indirect qualifying holding or in any other way have significant influence:

Undertaking (including organisation registration number)	Type of business	Registered office	Holding in per cent

## 2.5 Close relative with shares

1. Do you have any close relative that owns shares in the target company, or in another undertaking that in turn owns shares in the target company?

*Close relative* means a spouse, registered partner, cohabitee, child, parent or other relative with whom you share a household.

Yes

No

2. Are there other financial relationships between the aforementioned?

Yes

No

3. If you have answered yes to any of the questions under 1 and 2, please describe the circumstances.

--

## 2.6 Conflicts of interest

Given the position to which the assessment applies and your other commitments, do any conflicts of interest arise?

Yes

No

If yes, describe the conflicts of interest and how these will be managed:

## 2.7 Reputation

1. Have you

a) in the past ten years, been convicted by a Swedish or foreign court, or formally been charged as a suspect in an ongoing investigation, for a financial crime for which imprisonment is included in the range of punishments?

Yes

No

b) during the past ten years been sentenced to imprisonment by a Swedish or foreign court for a crime other than that specified in 1 a)?

Yes

No

c) in the past five years, been a director or managing director or deputy managing director of a commercial undertaking where the board of directors was not discharged from liability?

Yes

No

d) in the past five years, been dismissed from employment at a financial undertaking, employment as an officer of the company, or from an appointment as director or auditor of another commercial undertaking.

Yes

No

2. Are you a party in an ongoing criminal case?

Yes

No



3. To the best of your knowledge, have you or any undertaking in which you are or have been an officer of the company, held another key function or been a director – or have or have had control of –

a) in the past five years, been (or still are/is) party to arbitration proceedings, civil legal proceedings or administrative proceedings concerning tax or business activities?

Yes

No

b) in the past five years, been (or still are/is) subject to debt restructuring, composition or company reconstruction, or been declared bankrupt or subject to an equivalent process in another country?

Yes

No

c) been subject to an intervention (for example an administrative fine, injunction to take action, a remark, warning or withdrawal of authorisation) by a supervisory authority in Sweden or another country?

Yes

No

d) in the past ten years, in Sweden or another country, had an application rejected, been excluded from conducting business or in some other way had restrictions placed on your/its right to conduct business or a profession that requires authorisation, registration or similar?

Yes

No

e) in the past ten years, been the subject of a fit and proper assessment by a foreign competent authority?

Yes

No

If yes, enclose a copy of the decision by the foreign authority.

4. Does the current fit and proper assessment refer to a position in an undertaking that conducts, or plans to conduct, insurance distribution?

Yes

No

If the answer is no, explain this in the field for Question 6.

5. If the answer to Question 4 is yes, have you

a) in the past five years, had debts in excess of SEK 100,000 that are being enforced by the Swedish Enforcement Authority?

Yes

No

b) in the past five years, had an authorisation or membership withdrawn or terminated – or a registration withdrawn or terminated – through a decision by a supervisory or governmental body or a professional or trade organisation?

Yes

No

c) in the past five years

– been part of the management of a legal person that has had an authorisation or membership withdrawn or terminated – or a registration withdrawn or terminated – through a decision by a supervisory or governmental body or a professional or trade organisation, or

– been part of the management of such a legal person within the six months prior to the withdrawal?

Yes

No

d) in the past five years, declared your intention to relinquish, or been part of the management of a legal person that declared its intention to relinquish authorisation to conduct business that falls under the supervision of Finansinspektionen?

Yes

No

e) in the past five years, conducted business or been part of the management of a legal person that conducted business that falls under the supervision of Finansinspektionen without having the authorisation required to do so?

Yes

No

f) in the past five years, conducted business, or been part of the management of a legal person that conducted business involving insurance intermediation or insurance distribution that had its authorisation withdrawn for no longer complying with the requirements for authorisation or because business subject to authorisation was not conducted for a consecutive period of six months?

Yes

No

6. If you have answered yes to any of the questions under 1–3 above, or no to question 4, please describe the circumstances:

**3 Disclosures**

Provide any additional disclosures to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

**Person to whom the application/notification applies**

Date:

.....  
Signature

.....  
Name in print

**Authorised signatory of the occupational pension undertaking**

It is hereby certified that the undertaking has ensured that the person to whom the notification/application applies fulfils the requirements set under the Occupational Pension Undertakings Act (2019:742) and Finansinspektionen’s regulations (FFFS 2019:21) regarding occupational pension undertakings.

Date:

.....  
Signature (authorised signatory)

.....  
Name in print



**Checklist – documents to be appended to the fit and proper assessment of executives and persons responsible for key functions**

<b>The following documents shall be enclosed:</b>	<b>Enclosed</b>	<b>If not enclosed, state the reason</b>
If you are not registered in Sweden: a certified copy of an identification document in accordance with section 2.1.		
A CV in accordance with section 2.4.		
If you have been subject to a fit and proper assessment by a foreign competent authority in the past ten years: a copy of the decision by the foreign authority, in accordance with point 3e of section 2.7.		

*Appendix 2b*

**Application/notification – combined competence of the board of directors**

Fill in the information in the form below by providing an answer in the indicated place. More detailed responses can be provided in separate appendixes. Refer to the checklist for appendixes on the last page of the form.

**1 General**

**1.1 Basic information**

State the name of the undertaking to be assessed (including organisation registration number)

---

**1.2 Contact details**

Whom should Finansinspektionen contact about this assessment?

First name:	
Surname:	
Title:	
Company:	
Address:	
Telephone number:	
Email:	

**2 Information about the board of directors**

**2.1 Information about the composition of the board of directors**

State the composition of the board of directors

<b>Name</b>	<b>Personal ID no. (or date of birth)</b>	<b>Position Chair / Director /</b>	<b>Takes up the post / Steps down / Unchanged</b>

## 2.2 Combined competence of the board of directors

Enclose a description of the undertaking's assessment of each director's qualifications and experience within the areas of expertise specified below under a–e. The description shall also contain the undertaking's assessment of the combined competence of the board of directors.

- a) The occupational pension market
- b) Business strategy and business models
- c) Corporate governance
- d) Financial analysis and actuarial analysis
- e) Rules that apply to the business subject to authorisation

## 3 Disclosures

Provide any additional disclosures to Finansinspektionen below.

### Authorised signatory of the occupational pension undertaking

It is hereby certified that the undertaking has ensured that the board of directors fulfils the requirements for combined competence set under Finansinspektionen's regulations (FFFS 2019:21) regarding occupational pension undertakings.

Date:

.....  
Signature (authorised signatory)

.....  
Name in print

**Checklist – documents that shall be enclosed with the application/notification concerning the combined competence of the board of directors**

<b>The following documents shall be enclosed:</b>	<b>Enclosed</b>	<b>If not enclosed, state the reason</b>
The undertaking's description of the combined competence of the board of directors, in accordance with section 2.2.		